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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1963.

POPEIL BROTHERS, INC.,
*Petitioner,*

*vs.*

KARL ZYSSET and NEW-NEL KITCHEN PRODUCTS COMPANY,
*Respondents.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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**PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.**

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Popeil Brothers, Inc. prays that a writ of certiorari issue to review the judgments of the United States Court of Appeals for the Seventh Circuit entered in its causes numbered 13939 and 13940 on June 3, 1963.

## OPINIONS BELOW.

1. The original opinion of the District Court for the Northern District of Illinois rendered on October 3, 1958, holding both claims of the patent in suit valid and infringed is reported at 167 F. Supp. 362, and is reproduced at page 21a of the Appendix hereto.

2. The opinion of the Court of Appeals for the Seventh Circuit rendered on February 11, 1960; and the modification thereof upon petition for rehearing entered April 14,

1960, holding Claim 1 of the patent invalid and Claim 2 valid and infringed, are reported at 276 F. 2d 354, and are reproduced at page 36a of the Appendix hereto.

3. The opinion of the District Court for the Northern District of Illinois rendered on October 26, 1961, denying Defendant's Motion for Mitigation of Damages or for the Application of the Rule *De Minimis Non Curat Lex*, is reported at 199 F. Supp. 594, and is reproduced at page 45a of the Appendix hereto.

4. The opinion of the District Court for the Northern District of Illinois rendered on July 13, 1962, awarding damages of $126,103.12 and attorneys' fees of $56,222.26 is reported at 134 USPQ 222, and is reproduced at page 48a of the Appendix hereto.

5. The order of the District Court for the Northern District of Illinois entered on November 13, 1962, denying Defendant's Motion for Relief from Judgment is not reported, but is set forth at page 69a of the Appendix hereto.

6. The opinion of the United States Court of Appeals for the Seventh Circuit rendered on June 3, 1963, of which review is sought, again affirming as to the validity of Claim 2 of the patent but reversing the District Court as to damages and ordering entry of judgment for $636,672.12, is reported at 318 F. 2d 701, and is set forth at page 7a of the Appendix hereto.

## GROUNDS OF THIS COURT'S JURISDICTION.

The judgment of which review is sought was entered on June 3, 1963. Defendant's timely petition for rehearing was denied on July 17, 1963. This Court has jurisdiction by virtue of 28 U.S.C. Sections 1254(1) and 2101(c).

## QUESTIONS PRESENTED

1. Where a patent is claimed on a combination of several elements, each of which is old in the prior art, may a finding of patentability be based solely on the fact that the prior art does not disclose a structure which incorporates all of these elements, or is it necessary to find in addition that incorporating them in a single structure enables them to cooperate together to produce some new and unexpected result or function different from the respective functions performed by each of the elements acting separately?

2. May a Federal Court, in an infringement action, after finding a patent cannot be sustained on the ground upon which it was allowed by the Patent Office nevertheless sustain one claim thereof on a ground which was rejected by the Patent Office?

3. In awarding damages under 35 U.S.C. Sec. 284, which requires an award of damages "adequate to compensate for the infringement," may a court

(a) Award the defendant's profits on *all* sales made by him, or must the award be limited to profits on those sales which the plaintiff would have made but for the infringement;

(b) Award the *entire* profit made by the defendant on sales of articles held to infringe a combination patent, or must the award be limited to the difference between such profits and the profits defendant would have earned from sale of a non-infringing article of the same basic type;

(c) Deny deductions from the defendant's profits for salaries of officers who have not been sued and for income taxes irrespective of whether the infringement is wilful?

4. Is the question of what "damages [are] adequate to compensate" for an infringement essentially one of fact in the light of all of the circumstances of a particular case on which the judgment of a District Court must be affirmed unless clearly erroneous, or is a Court of Appeals free to substitute its own views of appropriate relief?

## CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED.

The Constitutional provisions and statutes involved are listed below. Because of their length they are set forth at the beginning of the Appendix.

Constitution of the United States, Article I, Sec. 8.
35 U.S.C. Sec. 70 (1940 Ed.).
35 U.S.C. Sec. 70 (1946 Ed.).
35 U.S.C. Secs. 141-145, 282, 284.

## STATEMENT OF THE CASE.

This action was brought on April 29, 1957, in the United States District Court for the Northern District of Illinois, alleging infringement of U.S. Letters Patent No. 2,782,826 issued to Karl Zysset.

The patent in suit, which appears at page 84a of the Appendix hereto, describes an allegedly improved household vegetable shredder or chopper enclosed within a bell-like housing, open at the bottom and designed to be put over the onions or other material to be chopped by a knife operating vertically on a spring. No novelty is claimed for so much. Beyond this is the asserted invention. Inside such a housing is a blade consisting of a single sinuous or meandering steel strip attached to a vertical rod fitted with a spring along its length, which extends out through the top of the housing and has a knob at its top. By al-

ternately depressing and releasing the knob, the blade is moved up and down thus chopping the food. Inside the housing is a "wiper cup" having a continuous sinuous slot which conforms to the sinuous shape of the blade. On its upward stroke, the blade passes through the slot of the wiper cup which "wipes" or "brushes off" any food particles which may have adhered to the blade during the cutting portion of the stroke. An automatic rotating or "indexing" device causes the assembly of the sinuous blade and wiper cup to rotate a few degrees during the last stage of each upstroke, so that before commencing a new downstroke, the blade is in a new position to chop the food.

The patent consists of only two claims. Claim 1 is a base claim, and claims as novel over known rotating vegetable shredders operating in a bell-like housing, one in which the automatic indexing device rotates the stem and knife blade only on the last stage of each upstroke. Claim 2 claims as novel "a vegetable shredder as set out in Claim 1," in which the knife blade is sinuous, which has a wiper cup containing a continuous sinuous slot through which the blade passes and clears itself on the upstroke, and in which the blade-carrying rod is secured in a particular way. Claim 2 is a "dependent" claim because it incorporates by reference everything contained in Claim 1 and adds further limitations.

The Patent Office first rejected the predecessors of both Claims 1 and 2. Subsequently, having found the indexing device inventive, it allowed Claim 1 and, in consequence, allowed dependent Claim 2 as a matter of course.

The District Court held both Claims 1 and 2 valid and infringed and reserved the question of damages. 167 F. Supp. 362, App. 21a. The Court of Appeals affirmed as

to Claim 2 but reversed as to Claim 1. 276 F. 2d 354, App. 36a. The Court of Appeals found the indexing or rotating device to be old, and since Claim 1 described a vegetable shredder in which this device was the only allegedly novel feature, the Court invalidated Claim 1. However, the Court held that the sinuous blade and wiper cup possessed patentable novelty, and that since Claim 2 described a vegetable shredder consisting of a combination of elements which included the sinuous blade and wiper cup, the combination described in Claim 2 was patentable even though all the other elements of the combination were old in the art.

On remand, Petitioner twice presented to the District Court prior art patents showing the sinuous blade and wiper cup to be old, once on a motion made prior to the final judgment for damages and once on motion made subsequent thereto. The District Court considered the evidence presented on both motions and denied both on the ground that the prior art shown did not affect its decision as to the validity of Claim 2. 199 F. Supp. 594, App. 45a.

The District Court further heard evidence on the question of damages and made the following finding of fact, *inter alia*:

> "The Court finds that this is one of those rare cases in which an infringement has been a blessing in disguise; that only the skill, salesmanship, and business acumen of defendant and its principal officer, Samuel J. Popeil, has brought a financial reward to the plaintiff in the form of a fortuitous windfall if this judgment is finally collected. The defendant did get legal counsel before acting in this case and that counsel was to the effect that plaintiff's patent was invalid." (App. 64a)

Accordingly, it found that an award of a reasonable royalty "would, together with attorneys' fees, be adequate compensation for defendant's infringement of the patent in suit, taking all things into consideration" (App. 60a), and that "for all the reasons herein set forth, the Court does not allow any exemplary damages to the plaintiff." (App. 64a) It found the amount of a reasonable royalty to be $126,103.12 and entered a final judgment for that amount plus $56,222.26 attorneys' fees. (App. 68a)

On the second appeal, the Court of Appeals again affirmed as to the validity of Claim 2 but reversed as to damages. It abandoned its previous position that the sinuous blade and wiper cup were novel so as to render the combination embodying them patentable. It nevertheless held that this combination described by Claim 2 was patentable even though each one of the elements comprising it was admittedly old in the art, on the ground that no one had previously combined all these elements into the structure disclosed by the patent in suit.

With respect to damages, the Court held that the amount of Petitioner's profits was ascertainable and that, "If profits are susceptible of determination, no royalty should be awarded," and concluded that Respondents were entitled to recover the entire profits made by Petitioner on shoppers which utilized the Zysset combination. It further held that Petitioner was entitled to no deductions for officers' salaries or income taxes paid. Accordingly, it directed the entry of judgment against the Petitioner in the amount of $636,672.12.

## REASONS FOR GRANTING THE WRIT.

### I.

### THE COURT OF APPEALS HAS PROMULGATED A NEW AND LOWER STANDARD OF PATENTABILITY FOR COMBINATION PATENTS WHICH IS IN CONFLICT WITH CONTROLLING DECISIONS OF THIS COURT AND OF OTHER COURTS OF APPEALS.

The Court of Appeals has announced that if a man brings together in a single structure several elements, each of which is old and well known in the art but which have never before been combined, he is to be awarded a patent monopoly for having created a new *structure*, even though this structure produces no new or different *result* or *function*, but merely aggregates the respective results or functions of each of the elements acting separately. This revolutionary concept of patentability is in direct conflict with controlling decisions of this Court and of the Courts of Appeals, and will extend the range of patent monopolies far beyond that intended by the framers of the Constitution or of the applicable statutory provisions.

#### A.

#### The Controlling Standard of Patentability for Combination Patents.

A combination of elements may be claimed as patentable for either of two reasons:

*First*, a patentee may claim a combination as patentable because he has invented a novel element designed to operate as part of the overall combination, the remaining ele-

ments of which are old.[1] We are not here concerned with this type of claim, for the Court of Appeals' decision is predicated upon the admission that *all* of the elements of the Zysset chopper are individually old.

*Second*, a combination of several elements may, under certain conditions, be claimed as patentable where a patentee has brought together several elements, *each* of which is old, as is true here. The controlling authority on when such a combination is patentable is *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147 (1950). The "rather severe test" there enunciated is elaborated as follows:

1. The old elements must perform some "additional or different function in the combination than they perform out of it." 340 U.S. at 152.

2. There must flow "unusual or surprising consequences from the unification of the elements." 340 U.S. at 152.

3. "The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable." 340 U.S. at 152.

4. "'Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements.'" 340 U.S. at 152.

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[1] In such a case, the patentee could equally well claim the novel element alone and thus prevent its use either alone or in conjunction with any other element or elements. By claiming the entire combination described in the patent, he is actually asserting a *narrower* claim, since use of the novel element will not infringe unless it is used in the precise combination described in the patent. *Dunkley Co.* v. *Central Calif. Canneries*, 7 F. 2d 972 (9th Cir. 1925).

These rules represent the summation of a long and consistent line of cases in this Court. See, *e.g.*, *Cuno Engineering Corp.* v. *Automatic Devices Corp.*, 314 U.S. 84 (1941); *Toledo Pressed Steel Co.* v. *Standard Parts Inc.*, 307 U.S. 350 (1939); *Lincoln Engineering Co.* v. *Stewart-Warner Corp.*, 303 U.S. 545 (1938); *Altoona Publix Theaters, Inc.* v. *American Tri-Ergon Corporation*, 294 U.S. 477 (1935); *Diamond Rubber Co.* v. *Consolidated Rubber Tire Co.*, 220 U.S. 428 (1911); *Brinkerhoff* v. *Aloe*, 146 U.S. 515 (1892); *Burt* v. *Evory*, 133 U.S. 349 (1890); *Watson* v. *Cincinnati, I., St. L. & C. Ry.*, 132 U.S. 161 (1889).

Moreover, these cases specifically hold that aggregation of old elements producing no new result is not a patentable invention *even though* (a) the structure thereby produced was not known before, *Burt* v. *Evory*, 133 U.S. 349, at 359 (1890); and (b) the structure is *better* and *more useful* than any before produced, *Altoona Publix Theaters, Inc.* v. *American Tri-Ergon Corporation*, 294 U.S. 477, at 486 (1935); *Brinkerhoff* v. *Aloe*, 146 U.S. 515, at 516 (1892).

**B.**

**The Decision of the Court of Appeals.**

The Court of Appeals has cast aside the foregoing learning and decreed that a man is entitled to a patent if he brings together old elements to produce a new *structure* which has never been produced before and which possesses advantages over structures disclosed by the prior art, irrespective of whether the structure produces any new, different, or surprising *function* or *result* beyond an aggregation of the respective functions or results produced by each of the elements acting separately.

The sweeping import of the Court's opinion is revealed when it is read together with its first opinion. In that opinion, the Court held that, "The sinuosity of the blade

and slot in the wiper cup or plate was wholly novel in concept," and that it "constituted invention although found in a combination of other elements which were old in the art." 276 F. 2d at 357, App. 41a. Accordingly, it held that Claim 2 was valid.

However, the Court did not stand on this ground alone, for it also stated that the District Court had applied the correct criteria of invention when the latter "found that none of the prior art references discloses in combination the *structure* of the patent in suit . . . and concluded that the *structure* as shown and defined in the patent in suit constitutes patentable invention." (276 F.2d at 357, App. 40a-41a, emphasis added).

On the second appeal, after Petitioner had demonstrated conclusively (on the basis of prior art patents never before presented to the Court) that the sinuous blade and wiper cup were old and well known in the art, the Court of Appeals abandoned any attempt to place its decision on the basis of novelty of the blade and wiper, and openly avowed the theory which had been (perhaps only an implicit or alternative ground of its first decision. It clearly held (and interpreted its prior opinion as holding) that Zysset's combination was patentable because none of the prior art disclosed a structure containing all of the elements thereof in combination. It did not deem it necessary either in this or its prior opinion to find that the assemblage of old elements produced any new or surprising result different from the respective results produced by each of the elements acting separately.[2]

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[2] Respondents may attempt to contend otherwise by seizing out of context a part of the following passage in the Court's first opinion:

> "The sinuosit. of the blade and slot in the wiper cup or plate was wholly novel in concept and an important

Nor indeed could the Court have found any new result to be produced by interaction of the elements found in the Zysset chopper, even if it had thought it material. Former Commissioner of Patents Lawrence C. Kingsland testified without contradiction that the indexing or rotating feature and the sinuous blade and the wiper cup each performs the same function and produces the same result whether in combination or out of combination with one another. (App. 70a) In other words, the indexing mechanism in the Zysset combination does just what it has always done—it rotates the chopping blade and the rotation function is no different whether the blade is straight or sinuous or has a wiper cup. Similarly, the sinuous blade and wiper cup of Zysset's combination do exactly what they always have done—the blade chops and the wiper cup brushes it off on the upstroke. Performance of this chopping function is no different whether the blade is manually rotated,

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[2] (Continued)

element in the combination claimed in the patent. It eliminated the problem of particles wedging between multiple blades without loss of the advantage of the additional chopping surfaces, and in combination with the indexing feature produced a result beyond that of mere mechanical improvement over existing art." 276 F. 2d at 357.

It is clear the improved "result" referred to was that produced by the sinuous blade and wiper cup, and that the Court's reference to "combination" was a reference to the fact that the blade and wiper were found in a combination of which they were an "important element." If there could be any doubt the Court felt the inventive result was created by the blade and wiper and not by interaction of all elements of the combination, it is dispelled by the last sentence of the same paragraph:

"Here the sinuous blade constituted invention although found in a combination of other elements which were old in the art." 276 F. 2d at 357.

as in the Galant and Hoffman patents, or automatically rotated, or indeed whether it is rotated at all.

*This evidence stands uncontradicted.* And Respondent, although repeatedly challenged to do so, has never attempted to suggest any way in which there is an interaction of the old elements of Zysset's combination to produce any new result.

The doctrine of the Court's opinion is that if the selection of old elements incorporated into a single structure is unique it is patentable even though nothing new is accomplished. This opinion is at utter odds with the *A. & P.* case and its consequence as a precedent will be to extend the grip of patent monopolies far beyond anything intended by the Constitution or the applicable statutes. As Mr. Justice Douglas observed, concurring in the *A&P* case, "The standard of patentability is a constitutional standard," namely, "to promote the Progress of Science and useful Arts." (340 U.S. at 154, 155.) The Court of Appeals' opinion emasculates that standard by subtracting from, rather than adding to, readily available human knowledge and resources.

This Court recently has twice granted certiorari to clarify the rules for determining when a combination patent is *contributorily* infringed. (*Aro Mfg. Co., Inc.* v. *Convertible Top Replacement Co., Inc.*, 365 U.S. 336 (1961); *Aro Mfg. Co.*, v. *Convertible Top Replacement Co., Inc.*, 372 U.S. 958 (1963), No. 75 this term.). The instant case presents a question even more fundamental—under what circumstances such a combination patent may be granted in the first place. It is *a fortiori* of sufficient importance to warrant this Court's exercise of its power of review.

## II.

## THE COURT OF APPEALS' DECISION THAT IT HAS POWER TO SUSTAIN A PATENT ON A GROUND REJECTED BY THE PATENT OFFICE INVOLVES AN IMPORTANT QUESTION OF FEDERAL LAW WHICH HAS NOT BEEN BUT SHOULD BE SETTLED BY THIS COURT.

Not only has the Court of Appeals promulgated a new and lower standard of invention for combination patents, but in doing so it has violated a basic principle for review of administrative action by sustaining the patent on a ground specifically rejected by the Patent Office.

There is no question that the Federal Courts generally have statutory power *in infringement actions* to *invalidate* the grant of a patent. 35 U.S.C. Sec. 282. But only the Court of Customs and Patent Appeals, or alternatively the District Court for the District of Columbia (35 U.S.C. 141-145), have power to overrule Patent Office action adverse to a patentee. However, the Court of Appeals here exercised the novel power to sustain a patent in an infringement action on a ground expressly rejected by the Patent Office. Here is how it happened:

1. *Zysset's Original Application.* Zysset originally filed an application containing five claims of which Claim 1 was the base claim describing a vegetable shredder having a particular type of automatic rotation and Claims 2-5 were "dependent" claims, incorporating by reference everything in Claim 1 and successively adding further limitations.[3]

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[3] This was done pursuant to Rule 75(c) of the Rules of Practice of the Patent Office which reads:

> "When more than one claim is presented, they may be placed in dependent form in which a claim may refer back to and further restrict a single preceding claim."

Claim 4 cumulatively added to the shredder described in Claim 1 the sinuous blade and wiper cup. App. 75a.

2. *The Examiner's Rejection.* The Examiner rejected Claim 1 of Zysset's application as being anticipated by the automatic rotation shown in the prior Hanel Patent. App. 77a. He then faced the question whether any of the dependent claims, by adding elements to the shredder, created patentable novelty even though Claim 1 did not.

His answer was an emphatic "no", and he rejected all dependent claims. In rejecting original Claim 4, he specifically held that the addition of a sinuous blade and wiper cup did "not involve invention."

3. *Zysset's Amendment.* In response to the Examiner's action, Zysset cancelled all his claims and substituted two new claims which became Claims 1 and 2 of the patent in suit. Revised Claim 1 described the vegetable shredder with the automatic rotating or indexing device. Claim 2 incorporated by reference Claim 1 and added thereto the sinuous blade and wiper cup; its relevant substance was the same as original rejected Claim 4. Zysset pointed out to the Examiner that Hanel's indexing device differed in several material respects from his own, and in particular, that Hanel's rotation was not restricted to the last stage of the upward stroke. App. 80a.

4. *The Final Allowance.* The Examiner, becoming convinced (erroneously, as the Court of Appeals later held), that Zysset's indexing device was sufficiently inventive over the prior art, allowed new Claim 1. Having allowed Claim 1, the Examiner was then able to allow Claim 2 even though, in and of itself, its relevant substance was the same as original rejected Claim 4, for if the broader base claim is patentable, a dependent claim which incorporates

its invention and narrows it is *a fortiori* patentable. The Examiner did what former Commissioner of Patents Lawrence C. Kingsland testified was Patent Office practice —when a base claim is allowed, all dependent claims (if in proper form), are allowed as a matter of course without regard to whether the latter are independently patentable (App. 71a). Thus, Zysset's new Claim 2 was allowed *not* because the addition of a sinuous blade and wiper cup to the shredder described in Claim 1 created a novel combination—for the Examiner had held it did not and this holding stands unreversed—but because Claim 2 incorporated the indexing device of Claim 1 erroneously held by the Examiner to be novel.

5. *The Court of Appeals' Decision.* On the first appeal, the Court of Appeals held that the indexing device of Claim 1 was *not* novel. The court thus held legally insufficient the ground upon which the Examiner had allowed both Claim 1 and Claim 2. The Court accordingly held Claim 1 invalid. However, instead of holding Claim 2 also invalid, it arrogated to itself the power to sustain Claim 2 on a ground upon which the Examiner had not only not predicated his allowance of Claim 2 but which he had specifically rejected. It was at this point that the Court of Appeals violated settled principles of review of administrative action.

This Court, in *Securities and Exchange Commission* v. *Chenery Corp.*, 332 U.S. 194, 196 (1947), laid down the "fundamental rule of administrative law" that:

> "• • a reviewing court, in dealing with a determination or judgment which an administrative agency alone is authorized to make, must judge the propriety of such action solely by the grounds invoked by the agency. *If those grounds are inadequate or improper, the court is powerless to affirm the administrative action by substituting what it considers to be a more adequate or*

*proper basis.* To do so would propel the Court into the domain which Congress has set aside exclusively for the administrative agency." (Emphasis added).

This Court has never passed on whether the *Chenery* doctrine applies to review of Patent Office decisions. However, we submit that its application to such decisions is especially apt and the Court of Appeals' decision should not be permitted to stand as precedent to the contrary.

Congress has recognized that the complex scientific and mechanical questions presented by patent applications call for a high degree of agency expertise. It has required that the examiners-in-chief of the Patent Office be "persons of competent legal knowledge and scientific ability." 35 U.S.C. Sec. 7. Moreover, it has provided an exclusive mode for review of rejections of patent applications. The disappointed applicant must first protest the rejection before the Patent Office Board of Appeals, upon which the specially qualified examiners-in-chief sit. 35 U.S.C. Secs. 7, 134. If dissatisfied with its decision, he must then appeal either to the Court of Customs and Patent Appeals or to the District Court for the District of Columbia, in either of which events the Commissioner of Patents—the only party representing the interest of the public in preventing unwarranted monopolies—must be made a party to the proceedings. 35 U.S.C. Secs. 141-145.* The Court

*The Congressional interest in this scheme is apparent, for while the power granted to the federal courts generally in infringement actions to invalidate patents can result at most in disappointment of private litigants, exercise of the special power conferred by 35 U.S.C. Secs. 141-145 to compel the issuance of a patent results in foisting upon the public a monopoly, which Congress has permitted only after administrative review by the expert Board of Appeals, in proceedings affording to the public's representative, the Commissioner of Patents, and his scientifically trained experts, opportunity to be heard why no invention warranting monopoly is involved.

of Appeals in the instant case does great violence to this congressionally intended scheme. By sustaining Claim 2 on a ground rejected by the Examiner, it in effect issues a patent which the Examiner refused, and does so in a collateral proceeding between private litigants, without the further deliberation of the expert Board of Appeals, and without the Commissioner of Patents present as a party to protect the interests of the public. A more apt case for application of the usual rules relating to review of administrative action can hardly be imagined. We suggest this is a basic question on which this Court should speak.

## III.

**IN CONSTRUING THE PATENT DAMAGE STATUTE, 35 U.S.C. SEC. 284, THE COURT OF APPEALS HAS DECIDED SEVERAL QUESTIONS ON WHICH THE COURTS ARE IN UTMOST CONFLICT AND CONFUSION. THE STATUTE HAS NEVER BEEN CONSTRUED BY THIS COURT AND THE QUESTIONS HAVE NOT BEEN, BUT SHOULD BE SETTLED BY THIS COURT.**

Prior to 1946 the recovery section of the Patent Statute provided in relevant part:

> "The complainant shall be entitled to recover, in addition to profits to be accounted for by the defendant, the damages the complainant has sustained • • •"[5]

The statute, and the courts, for years had treated "profits" and "damages" as two distinct forms of recovery, the first based on the theory that the infringer was a constructive trustee for all profits earned as a proximate result of the infringement, recoverable as such irrespective of

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[5] 42 Stat. 35 U.S.C. Sec. 70 (1940 Ed.), App. 1a.

the plaintiff's actual loss, and the second based on the theory of compensating the plaintiff for what he had actually lost. (See, *e.g.*, *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 647 (1915).) In 1946 the statute was amended to delete any reference to profits as such,[6] and with minor modifications in language in 1952 was placed in its present form, which reads as follows:

> "Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer * * *" (66 Stat. 813, 35 U.S.C. Sec. 284, App. 6a).

This Court has never construed this constantly used and important statute. There are irreconcilable and important differences between the various Circuits as to its meaning. The time has arrived, we suggest, when this Court should say when, to what degree, and under what conditions, "profits" may be weighed as an element of an infringement recovery.

The reason for the 1946 change was that an accounting of profits was slow and technical. Moreover, where, as here, a mere improvement patent in a generally used device was involved, an accounting entailed, *inter alia*, the difficulty of apportioning "profits" between those resulting from the addition of the improvement and those resulting from the basic device itself absent the "improvement." These problems moved Congress to act.[7]

In the case at bar the District Court, following the statutory precept, found that an award of a royalty of

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[6] 60 Stat. 778, 35 U.S.C. Sec. 70 (1946 Ed.), App. 2a.

[7] Commentary, 35 U.S.C.A. 56.

[8] S.R. No. 1503, 79th Cong., 2nd Sess., U.S. Code, Cong. Serv., 79th Cong., 2nd Sess., 1386.

4¢ a unit "would, together with attorneys' fees, be adequate compensation . . . *taking all things into consideration*," (App. 60a). It awarded $126,103.12 as royalty and $56,222.26 as attorneys' fees. However, the Court of Appeals flatly held that, "If profits are susceptible of determination, no royalty should be awarded." (318 F. 2d at 706, App. 15a). It awarded respondents the entire profits on all sales of choppers which contained the allegedly infringing combination and disallowed any deduction therefrom for officers' salaries and income taxes. It mandated the District Court to enter a judgment of $636,672.12 (App. 88a).

The instant opinion makes no pretense that Respondents would have made $636,000 profit but for Petitioner's asserted infringement; it awards Respondents the entire profit (before legitimate deductions) on sales of the device which embodied Zysset's "improvement" without pretense of determining what portion of those profits was attributable to the improvement and what portion to the basic device without the improvement.

If the novel doctrine of this opinion, that when an asserted infringer's gross "profits are susceptible of determination [as usually is the case], no royalty should be awarded," is to remain on the books as stating the law (and breeding progeny), the 1946 amendment was unnecessary, for the well understood difficulties of a true "accounting" and apportionment of profits (Cf. *Garretson* v. *Clark*, 111 U.S. 120 (1884); *Westinghouse Co.* v. *Wagner Mfg. Co.*, 225 U.S. 604 (1912); *Dowagiac Mfg. Co.* v. *Minnesota Moline Plow Co.*, 235 U.S. 641 (1915)); actually were nonexistent. Or, stated elsewise, the Court of Appeals has construed the damage statute as one which did not substitute the concept of "general damages" for an accounting of relevant profits, but as one which repealed

the well understood rules, standards and limitations of an "accounting" if a plaintiff sought "profits" rather than "damages" on an improvement patent. This is all contrary to what Congress said and will plague the patent system for years if permitted to stand as a viable precedent. In 1946 the Senate Committee on Patents joined in a Report of the House Committee on Patents which explained the necessity for the change in the statute as follows:

> "The object of the bill is to make the basis of recovery in patent-infringement suits general damages, that is, any damages the complainant can prove, not less than a reasonable royalty, together with interest from the time infringement occurred, rather than profits and damages.
>
> "The relief that a patent owner needs against an infringer to protect his right in his patent and to compensate him for past infringement is an injunction to prevent future invasion of his right and general damages as due compensation for infringing * * * the rights secured to the patent owner * * *. The evil attendant upon 'the law's delay' and the difficulty of adducing convincing proof of necessary facts is peculiarly exemplified in patent-infringement suits where profits are claimed.
>
> "Frequently a suit for patent infringement involves the infringement of only an improvement in a complex machine, and it is impossible to apportion profits due to the improvement. * * *" (S.R. 1503, 79th Cong.; U.S. Code Cong. Serv., 79th Cong., 2nd Sess., 1946, 1387).

* * * *

Important conflicts and questions under Section 284 raised by the Court of Appeals' decision are as follows:

**1. Whether an Infringer's Profits May be Awarded on all Sales Made by Him or Must be Restricted to Such Sales as the Plaintiff Would Have Made but for the Infringement.**

Although the new recovery section of the Patent Act makes no reference to recovery of profits as such, the question remains whether an infringer's profits may still be taken as the measure of "adequate compensation" to the plaintiff without regard to plaintiff's actual loss, or whether an infringer's profits may be considered only to the extent they derive from sales which plaintiff would have made but for the infringement. On this question the lower courts are badly in confusion and conflict, which is sketched below:

(a) The Ninth Circuit apparently has taken the view that under the new statute the plaintiff is entitled, and limited, to recovery of his actual computed loss of profits, and therefore an infringer's profits can be recovered only to the extent the plaintiff can show he would have made them but for the infringement. In *Coleman Co.* v. *Holly Mfg. Co.*, 269 F. 2d 660 (9th Cir. 1959), the Court awarded plaintiff (outside of certain exemplary relief), the profits *it* would have made at *its* normal rates of profit on sales *it* would have made but for the infringement. In *Laskowitz* v. *Marie Designer, Inc.*, 119 F. Supp. 541 (S.D. Cal. 1954), the Court expressly stated that profits of the infringer are now recoverable only to the extent they measure the actual loss or detriment to the plaintiff.[9]

[9] And since loss to the plaintiff is the keynote, the Ninth Circuit also holds that where the plaintiff does not himself manufacture and sell the invention but licenses others to do so, the only proper measure of what he has lost is a royalty, either established or reasonable; where he manufactures and sells, he is entitled to lost profits. *Faulkner* v. *Gibbs*, 199 F. 2d 635 (9th Cir. 1952).

(b) The Fifth Circuit apparently has followed the same view, although its statement thereof is perhaps less clear. In *Graham* v. *Jeoffroy Mfg. Co.*, 253 F. 2d 72 (5th Cir. 1958), it stated "compensatory damages * * * may comprehend the profits of the infringer," that evidence of such profits "may be considered by the court," and that they "may be the measure of the damages suffered, even though the statute does not prescribe that profits are to be recovered as such." (253 F. 2d at 74). However, the fact findings in the case indicate its adherence to the loss-to-plaintiff rule, for the Court of Appeals acted on and approved findings of the District Court that "*but for* the intervention of defendants, the plaintiffs would have supplied the market for about all" of the infringing devices sold by defendants (253 F. 2d at 77, Emphasis added).

(c) The Third Circuit has taken the view that infringer's profits are still an appropriate measure of damage under the new statute, irrespective of the amount of actual loss to the plaintiff. *International Industries* v. *Warren Petroleum Corp.*, 248 F. 2d 696 (3d Cir. 1957), stated that the rule of damages in both trade-secret and patent-infringement actions is "not what plaintiff lost, but rather the benefits, profits, or advantage gained by defendant." (248 F. 2d at 699). Yet, in *Hartford National Bank* v. *E. F. Drew & Co., Inc.*, 188 F. Supp. 353 (D. Del. 1960), the Court, while finding that plaintiff was entitled only to a royalty since it engaged in granting licenses, cited *International Industries* and took the equivocal position that "Damages may be measured by the defendant's gain *or* the plaintiff's loss" (p. 359, emphasis supplied). It held, in language condemnatory of the Court of Appeals' unrestrained action in the case at bar, that "some Courts have not exercised meticulous care to avoid hardship on the infringer" (p. 359), and that damages

adequate to compensate "should not be based solely on • • • profits of an infringer" (p. 359), for "a proper measure of damages includes a consideration of profits (not, however, a total award of the profits) as one of the elements gained by the defendant's illegal use of the patent" (p. 362).

(d) The Sixth Circuit apparently has adopted the view that an infringer's profits may be recovered where the plaintiff proves the amount of such profits *and* the defendant fails to advance any other measure. *Wm. Bros. Boiler & Mfg. Co.* v. *Gibson-Stewart Co.*, 312 F. 2d 385 (6th Cir. 1963). And the Sixth Circuit does not distinguish between a plaintiff who himself manufactures and sells the invention and one who merely licenses others to do so, for its holding in the *Wm. Bros.* case is that "if profits are susceptible of determination, no royalty should be awarded." (312 F. 2d at 386). However, the quoted language (relied upon by the Court of Appeals in the case at bar), is taken directly from the Sixth Circuit's earlier decision in *Enterprise Ry. Equipment Co.* v. *Wine Ry. Appliance Co.*, 77 F. 2d 159 (6th Cir. 1935), a case decided under the pre-1946 statute which permitted recovery of infringer's profit irrespective of the amount of plaintiff's loss. It thus appears that the Sixth Circuit holds the same rule to be applicable under the post-1946 amendments.

(e) The Seventh Circuit's view has had a checkered and tortuous course, culminating in the instant case. In *Ric-Wil Co.* v. *E. B. Kaiser Co.*, 179 F. 2d 401 (7th Cir. 1950), the Court held in passing on the form of an order directing a hearing on profits and damages:

> "The language [of the 1946 statute] appears to make it plain that *profits realized by an infringer are not recoverable as such.* 'General damages' is a

broad term which no doubt may include numerous elements depending upon the circumstances of the case. And whether an infringer's profits is an *element* of such damages depends upon the facts of each individual case." (179 F. 2d at 407, emphasis supplied).

Then, in *National Rejectors, Inc. v. A.B.T. Mfg. Corp.*, 188 F. 2d 706 (7th Cir. 1951), the Court affirmed an award of infringer's profits which had been limited by the District Court to profits made on such of the infringing products (233,590 out of 303,598 units), which the plaintiff demonstrated, and the District Court found, the plaintiff could and would have sold but for the infringement. Thus, *National Rejectors* limited the plaintiff to recovery of its loss.

In the instant case the Seventh Circuit has come full circle and held that plaintiffs here may recover not their loss or "damage," but all of defendant's profits on all sales of allegedly infringing choppers even though there is no finding that plaintiffs would have made all, or any specific part, of such sales in the absence of the alleged infringement. Although the District Court found that plaintiff New-Nel had the manufacturing capacity to produce the quantity of choppers which defendant sold, it made no finding on how many of such additional choppers plaintiffs would in fact have sold had they been free of competition by defendant. The Court of Appeals did not even comment upon the absence of such a finding. Accordingly, it is impossible to reconcile Judge Castle's opinion in the case at bar with that of Judge Major in *Ric-Wil* or that of Judge Lindley in *National Rejectors*.

Nor would it have been possible for the Court of Appeals, in the case at bar to have concluded that plaintiffs, in the absence of defendant's competition, would have made all of the sales which defendant in fact did make. Inter-

things stood in the way: *First*, where profits are sought, the burden always is on the plaintiff to establish how many of defendant's sales it would have made, and the amount of profit it would have made thereon. Plaintiffs here never attempted such proof; they showed only what New Nel's asserted manufacturing capacity was. *Second*, there were other competing manufacturers of similar choppers who in fact diverted trade from both plaintiffs and defendant (Cons. Add'l. App. 252b-258b). Plainly, therefore, the Court of Appeals could not possibly have concluded, even *sub silentio*, that if defendant had not infringed, all of its sales would have been diverted to plaintiffs. Such an inference would be prohibited by *Dowagiac Mfg. Co.* v. *Minnesota Moline Plow Co.*, 235 U.S. 641, 648 (1915). *Third*, the record showed without dispute, and the District Court found as fact, that in the six years *prior* to defendant's competition, plaintiff Zysset sold only 3,883 choppers in the United States (App. 60a). During the approximate three years of alleged infringement, plaintiffs sold only 337,694 choppers (App. 83a), whereas defendant sold 3,152,578 (App. 56a). During the two years *after* the period of alleged infringement defendant sold 1,275,000 choppers which did not embrace the patented combination (App. 55a), yet plaintiffs were able to sell only 100,870 of their patented machines in the same time (App. 83a).

If there can be any doubt that the Court of Appeals considered it immaterial whether plaintiffs in fact would have made the sales which defendant did, it is dispelled by the opinion's flat and unqualified language that "An infringer's profits are a traditional measure of damages" (318 F. 2d at 707, App. 15a), and its express adoption and approval of the language of the Sixth Circuit's *Wm. Bros.* case that "* * * if profits are susceptible of deter-

mination, no royalty should be awarded" (p. 706, App. 15a). As shown above, the statement in *Wm. Bros.* was an uncritical adoption of a statement made before 1946, and the profits referred to were the infringer's profits, not the plaintiff's lost profits. Thus, however the matter be viewed, it is clear that the Court of Appeals has adopted the rule that a plaintiff should recover the complete benefit that defendant received from an infringement rather than being restricted to compensation for the loss plaintiff actually sustained. Manifestly, the instant opinion is in direct conflict with the earlier rule in the Seventh Circuit and in direct conflict with the holdings of the Fifth and Ninth Circuits.[10]

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[10] Respondents may attempt to seize upon the fact that the Court paid lip service to the holding of the *Ric-Wil* case that whether an infringer's profits are to be awarded depends upon facts and circumstances of the individual case. But in the very next sentence, the Court here states that because "here the actual profits of the defendant were determinable," they should be awarded "unless the nature of the case makes the employment of such measure of damages improper or inequitable." 318 F. 2d at 707. The "improper" or "inequitable" circumstance which the Court has reference to are explained in the following sentence to be those where "the marketable value of the infringing devices was attributable to some other feature," a question of proximate causation having nothing to do with measuring the loss to the plaintiff.

The Court's lack of concern with loss to the plaintiffs is also evidenced by the fact that its judgment awards defendant's profits jointly and indiscriminately to Zysset, the Swiss patentee, and New-Nel, the exclusive United States licensee, even though it is uncontrovertible that the only loss to Zysset with respect to United States sales would be a loss of royalty and much proof had been put in by plaintiffs as to Zysset's royalty practices (App. 57a). This aspect of the Court's decision is in direct conflict with the Ninth Circuit's holding in *Faulkner* v. *Gibbs*, 199 F. 2d 635 (9th Cir. 1952).

We believe the proper rule under the present recovery section is closest to that advanced by the Ninth Circuit, and heretofore by the Seventh Circuit in *Ric-Wil* and *National Rejectors*, that a plaintiff can no longer recover, *per se*, the profit or benefits the defendant has received. but may recover compensation for the loss he has sustained, and the plaintiff has the burden of proving what part, if any, of defendant's profits he would have earned in the absence of the infringement. However, whatever the proper rule may be, the issue is one of large, nation-wide and frequent importance which arises in virtually every infringement case. It has bred conflict and utmost confusion among the lower courts which, we respectfully suggest, this Court ought definitely to lay at rest.

**2. Whether, Under Any View as to the Recoverability of an Infringer's Profit, the Award May Exceed the Difference Between The Profits Earned and Those Which would have been Earned from the Sale of a Non-infringing Article of the same Basic Type.**

Whatever view one adopts as to the recoverability of infringer's profits under the new statute, it is necessary to determine to what extent such profits are proximately related to the infringement itself. This question has been dealt with under both the old and new statutes and it is one upon which there has been *no* conflict among the circuits until the Court of Appeals in the instant case created one.

The courts uniformly have held that the plaintiff in an infringement case has, as in the case of any tort, the burden of showing what profits of the defendant would not have been earned but for the tortious act, here, the asserted infringement. This necessitates comparing the profits actually earned with those which would have been earned by the asserted infringer had he used

or sold the same basic device in the non-infringing form known to the prior art and without the improvement described by the patent.

In cases where the claimed improvement in the basic device consists of an element to be incorporated therein, the courts have held that the plaintiff must show how many devices the plaintiff would have sold had the novel feature been eliminated. For example, in *Powaguac Mfg. Co.* v. *Minnesota Moline Plow Co.*, 235 U.S. 641, 644-646 (1915), the Court held that where the plaintiff had invented an improvement for grain drills consisting of a new type of spring mechanism to be incorporated therein, it must show what portion of defendant's profits were due solely to the incorporation of such new spring mechanism. "The *plaintiff* has the burden to

> "* * * give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative; or he must show, by equally reliable and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature." (*Garretson* v. *Clark*, 111 U.S. 120 (1884), quoted in *Westinghouse Co.* v. *Wagner Mfg. Co.*, 225 U.S. 604, 615 (1912).)

Only where the plaintiff sustains the burden of proving that if the novel feature were eliminated the device would be unsalable is he entitled to the entire profits made by the infringer on sales of devices containing such feature. Thus, in *Graham* v. *Jeoffroy Mfg. Co.*, 253 F.2d 72 (5th Cir. 1958), where the plaintiff had invented a new spring clamp for a plow, the District Court made a finding, approved by the Court of Appeals (A. 77), that "de-

fendants at best would have been able to sell no more than a negligible number of the 1,863 plows in question without a spring clamp device attached." (Even so, only 60% of the profit was awarded). And in *National Rejectors, Inc.* v. *A.B.T. Mfg. Corp.*, 188 F.2d 706 (7th Cir. 1951), involving invention of a new type of retainer for slug rejectors, the plaintiff proved and the Court found (A. 709), that "no market would exist for them [the slug rejector sold by defendant] if features under Claim 21 were eliminated and that this is one of the rare cases wherein substantially the entire marketable value of a mechanism comprising several features can be attributed to one patented feature which embraces an improvement of one of the parts of the mechanism. . . . but for the features found to have infringed there would have been absolutely no sale for the rejectors manufactured by defendant."

In cases like the present where the claimed improvement in the basic device consists of a combination of elements, each of which is old, but which in combination produce a new result (assumed *arguendo*) the principle is exactly the same although its application differs somewhat. Since the omission of *any one* of the elements comprising the combination renders the device non-infringing, *Dunkley* v. *Central Calif. Canneries*, 7 F.2d 972, 975 (9th Cir. 1925); *The Corn Planter Patent*, 23 Wall. 181, 219 (1874), plaintiff must show how many devices would have been sold had *any* of the elements of the combination been deleted, and only the difference between that amount and the profits actually earned is recoverable. For example, in *Singer Mfg. Co.* v. *Cramer*, 109 Fed. 652 (9th Cir. 1901), where the patent covered and defendant manufactured and sold a treadle consisting of old elements producing in combination a new result, the Court held (p. 659), that the

plaintiff "must prove by satisfactory evidence the advantages gained by the infringer in the unlawful use of the patent, over and above the advantages which he could have derived from the use of similar articles unpatented and open to the use of the public." Likewise, in *Dunkley Co.* v. *Central Calif. Canneries*, 7 F.2d 972 (9th Cir. 1925), and *Horvath* v. *McCord Radiator & Mfg. Co.*, 100 F.2d 326 (6th Cir. 1938), both involving patents on combinations of old elements, the Courts held that plaintiff must prove the profit or advantage to the defendant in the use of the plaintiff's invention as compared with other devices open to the public to accomplish the same result, and may recover only the excess of the former over the latter.

The Court of Appeals in the instant case, while professedly acknowledging the rule of proximate cause in cases like *National Rejectors*, involving a patent on a novel element to be incorporated into a basic device, illogically abolishes it in cases involving patents on combinations of elements, in direct conflict with the *Singer*, *Dunkley*, and *Horvath* cases. Neither the District Court nor the Court of Appeals found how many choppers Petitioner would have sold had any one of the elements of Zysset's combination been eliminated, much less that Petitioner would not have sold a single such chopper. The only evidence in the record on the subject, found as a fact by the District Court, shows that Defendant sold 1,275,000 food choppers without automatic rotation and without wiper cups! (App. 55a) Hardly the basis for a finding, even if one had been made, that Petitioner could not sell *any* food choppers unless it utilized *all* the elements of Zysset's combination.

**3. Whether, In Computing the Amount of an Infringer's Profits, a Court May Disallow Deductions for Officers' Salaries and Income Taxes Paid Irrespective of Whether the Officers Have Been Held Individually Liable and Irrespective of Whether the Infringement Was Wilful?**

**(a) Officers' Salaries.**

The Court of Appeals here peremptorily held that "compensation paid to defendant's three corporate officers, who are the owners of the corporation, is not a permissible deduction." (App. 18a) This is in square conflict with decisions in the Second Circuit holding that salaries paid to an infringing corporation's executive officers are deductible, *Stromberg Motor Devices Co.* v. *Zenith-Detroit Corp.*, 73 F. 2d 62 (2d Cir. 1934), cert. dismissed, 294 U.S. 735 (1935), even where the corporation is a close corporation whose shareholders constitute all of its officers, *Clair* v. *Kastar, Inc.*, 70 F. Supp. 484 (S.D.N.Y. 1946).

The two cases upon which the Court of Appeals predicates its decision in this regard hold merely that where the infringer is a sole proprietor he may not deduct a "salary" to himself, *Flat Slab Patents Co.* v. *Turner*, 285 Fed. 257 (8th Cir. 1922), and that where a corporate officer is sued with the corporation and held individually liable as an infringer, the corporation may not deduct salary paid to him, *Graham* v. *Jeoffroy Mfg. Co.*, 253 F. 2d 72 (5th Cir. 1958). We believe no case has ever held that where only a corporation is sued, the salaries paid by it to its officers are non-deductible *merely* because the officers also were shareholders. The decisions in the Second Circuit expressly reject such a view.

**(b) Income Taxes**

The Court of Appeals' refusal to allow any deduction for income taxes paid by defendant is in direct conflict with all the cases that have passed on the question. These cases hold that a deduction for income taxes is allowable except where the infringement is wilful. See, *e.g.*, *Larson* v. *Wrigley*, 277 U.S. 97 (1928); *Enterprise Ry. Equipment Co.* v. *Wine Ry. Appliance Co.*, 77 F. 2d 159 (6th Cir. 1935); *Stromberg Motor Devices Co.* v. *Zenith-Detroit Corp.*, 73 F. 2d 62 (2nd Cir. 1934); *Stromberg Motor Devices Co.* v. *Detroit Trust Co.*, 44 F. 2d 958 (7th Cir. 1930); *Triplex Safety Glass Co.* v. *Pittsburgh Plate Glass Co.*, 38 F. Supp. 639 (D. Del. 1941).

The Court of Appeals here denies a deduction for income taxes in the face of an undisturbed finding by the District Court that "the defendant did get legal counsel before acting in this case and that counsel was to the effect that plaintiff's patent was invalid." (App. 64a). The decision, therefore, is in square conflict with controlling authorities in this Court and in the Courts of Appeals and is impossible to reconcile with any theory that such punitive relief is necessary to give plaintiffs "adequate compensation." Inherent in the opinion is a holding that the 1946 amendment wiped out a deduction that theretofore, in "profits" cases, was allowed as a matter of course. Such, we submit, is an egregious misconstruction of the statute which, if not corrected, will only spawn more trouble.

## IV.

**THE COURT OF APPEALS HAS TREATED THE QUESTION OF "DAMAGES ADEQUATE TO COMPENSATE" UNDER 35 U.S.C. SEC. 284 AS ONE OF LAW RATHER THAN ONE OF FACT ON WHICH THE DISTRICT COURT'S DECISION MUST GOVERN UNLESS CLEARLY ERRONEOUS. THIS COURT HAS NEVER DECIDED WHAT ARE THE PROPER RESPECTIVE ROLES OF THE DISTRICT COURTS AND COURTS OF REVIEW UNDER THE NEW PATENT DAMAGE SECTION. IT SHOULD DO SO, FOR IF THE INSTANT CASE IS PERMITTED TO STAND THERE WILL BE LITTLE ROOM FOR THE EXERCISE OF SOUND JUDICIAL DISCRETION BY DISTRICT COURTS IN FASHIONING RELIEF SUITED TO THE FACTS OF THE PARTICULAR CASES BEFORE THEM.**

Underlying the damage questions themselves is the very serious question of the respective roles of the District Courts and the Courts of Appeals in determining what sum is "adequate to compensate" for an infringement.

When the old statute authorized "profits" as a direct item of recovery, it may be that District Courts had little latitude in fashioning the extent of relief, for an "accounting of profits" involved largely applications of fixed rules. However, when Congress changed the basic recovery to one of "damages adequate to compensate" it would seem that it wished District Courts to exercise sound judicial fact finding discretion in fashioning relief to fit the facts and circumstances of particular cases—such is inherent in the concept of "damages." Some of the Congressional debate so indicates.[11]

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[11] Cong. Rec. 79th Cong. 2nd Sess. p. 1857.

In the case at bar the overriding facts are: (1) Petitioner did not proceed wilfully but upon legal advice that Zysset's patent was invalid (App. 64a). (2) What Zysset himself proclaimed to be the major part of his patent, his base claim, has in fact been declared invalid (and we urge the entire patent is so). (3) Royalty rates under wholly valid patents for kitchenware items never are high, running from 2½% to 5% of manufacturers' prices (App. 58a). (4) In patent, unlike ordinary cases, a court may receive expert testimony as to the quantum of relief (35 U.S.C. Sec. 284). The District Court received such testimony from both sides and stated that he attached great weight to the evidence of former Commissioner of Patents Kingsland (App. 59a-60a). (5) The District Court found that Kingsland's opinion "*together with all of the facts and circumstances known to the Court in this case*" brought it to the conclusion that 4¢ a unit[12] was a fair royalty and that an award of a fair royalty would conform with the law (App. 60a). All of this is largely ignored by the Court of Appeals and a judgment imposed that is nearly five times greater than any royalty Zysset might reasonably have received. So monstrous an injustice is indicative that the Court of Appeals misconceived the function of a court of review.

We suggest that the bold action of the Court of Appeals makes it necessary for this Court to determine whether when Congress created the standard of "damages adequate to compensate" in the Patent Statute, it did not

[12] The District Court's apparently contrary conclusion of a 10¢ royalty appearing at App. 66a has been conceded to be a mere clerical error of failure to eliminate from a draft of Conclusions tendered by Respondents a paragraph that was at variance with the District Court's real views.

commit to the trial courts the usual decree of judicial discretion which they have in determining damages or degree of relief in other fields of the law. The instant opinion lays down the flat rule that if profits are determinable there is no room for discretion as to any other measure of damages. In fine, it treats the matter wholly as a question of law and accords no weight to the District Court's views.

Adequacy of damages always has been regarded as a question of fact on which a trial court's views are entitled to great respect. (*Philadelphia, W. and B.R. Co.* v. *Philadelphia and H.S.T. Co.*, 64 U.S. 209, 219 (1859); *Qbear-Nester Glass Co.* v. *United Drug Co.*, 149 F. 2d 671, 675 (8th Cir. 1945).) If the statement of the Seventh Circuit in *Ric-Wil Co.* v. *E. B. Kaiser Co.*, 179 F. 2d 401 (7th Cir. 1950), that

> "'General damages' is a broad term which no doubt may include numerous elements depending upon the circumstances of the case. And whether an infringer's profits is an element of such damages depends upon the facts of each individual case,"

is correct, the sweeping doctrine of this case necessarily is wrong and the trial court's judgment as to the weight to be given particular facts must be sustained unless clearly erroneous.

Whether the damage questions be viewed as questions concerning rules of recovery or as questions raising an issue as to the appropriate and relative functions of trial courts and courts of review under the federal system, the matter is one which this Court should pass upon.

## CONCLUSION

It is respectfully suggested that the opinion of the Court of Appeals for the Seventh Circuit merits review by this Court because, if permitted to stand, it will greatly lower the standard of invention heretofore insisted upon in combination patents and will denigrate the role of the Patent Office in passing upon patent applications. Of equal importance, this Court has never construed the present recovery section of the Patent Statute; the cases are in the greatest confusion; the instant opinion, if permitted to stand, will be utilized by patentees throughout the country to sweep aside well understood standards of compensatory damages.

Respectfully submitted,

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October 14, 1963.

Office Supreme Court, U.S.
FILED
OCT 15 1963
JOHN F. DAVIS, CLERK

No. 554

IN THE

# Supreme Court of the United States

OCTOBER TERM, 1963.

POPEIL BROTHERS, INC.,

*Petitioner,*

*vs.*

KARL ZYSSET and NEW-NEL KITCHEN PRODUCTS COMPANY,

*Respondents.*

Petition for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit.

## APPENDIX TO PETITION FOR CERTIORARI

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# APPENDIX

## CONSTITUTIONAL PROVISION AND STATUTES INVOLVED

**CONSTITUTION OF THE UNITED STATES:**
**Art. 1 §8:**

"The Congress shall have Power * * *

"To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; * * *"

**FORMER PATENT ACT RECOVERY SECTIONS**
**Section 70 U. S. C. Prior to 1946:**

"The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. If on the proofs it shall appear that the complainant has suffered damage from the infringement or that the defendant has realized profits therefrom to which the complainant is justly entitled, but that such damages or profits are not susceptible of calculation and determination with reasonable certainty, the court may, on evidence tending to establish the same, in its discretion, receive opinion or expert testimony, which is here-

by declared to be competent and admissible, subject to the general rules of evidence applicable to this character of testimony; and upon such evidence and all other evidence in the record the court may adjudge and decree the payment by the defendant to the complainant of a reasonable sum as profits or general damages for the infringement. • • •" (42 Stat. 392, 35 USC Sec. 70 (1940 Ed.))

**Section 70 U. S. Code 1946 to 1952:**

"The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a judgment being rendered in any case for an infringement the complainant shall be entitled to recover general damages which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefor, together with such costs, and interest, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case.

"The court is authorized to receive expert or opinion evidence upon which to determine in conjunction with any other evidence in the record, due compensation for making, using, or selling the invention, and such expert or opinion evidence is declared to be competent and admissible subject to the general rules of evidence applicable thereto. • • •" (60 Stat. 778, 35 USC 70 (1946 Ed.))

**The Patent Act, 35 U.S. Code, Sections as follows:**

"§134. *Appeal to the Board of Appeals*

"An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Appeals, having once paid the fee for such appeal. July 19, 1952, c. 950, §1, 66 Stat. 801."

"§141. *Appeal to Court of Customs and Patent Appeals*

"An applicant dissatisfied with the decision of the Board of Appeals may appeal to the United States Court of Customs and Patent Appeals, thereby waiving his right to proceed under section 145 of this title. A party to an interference dissatisfied with the decision of the board of patent interferences on the question of priority may appeal to the United States Court of Customs and Patent Appeals, but such appeal shall be dismissed if any adverse party to such interference, within twenty days after the appellant has filed notice of appeal according to section 142 of this title, files notice with the Commissioner that he elects to have all further proceedings conducted as provided in section 146 of this title. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under section 146, in default of which the decision appealed from shall govern the further proceedings in the case. July 19, 1952, c. 950, §1, 66 Stat. 802.

"§142. *Notice of appeal*

"When an appeal is taken to the United States Court of Customs and Patent Appeals, the appellant shall give notice thereof to the Commissioner, and shall file in the Patent Office his reasons of appeal, specifically set forth

in writing, within such time after the date of the decision appealed from, not less than sixty days, as the Commissioner appoints. July 19, 1952, c. 950, §1, 66 Stat. 802.

"§143. *Proceedings on appeal*

"The United States Court of Customs and Patent Appeals shall, before hearing such appeal, give notice of the time and place of the hearing to the Commissioner and the parties thereto. The Commissioner shall transmit to the court certified copies of all the necessary original papers and evidence in the case specified by the appellant and any additional papers and evidence specified by the appellee and in an ex parte case the Commissioner shall furnish the court with the grounds of the decision of the Patent Office, in writing, touching all the points involved by the reasons of appeal. July 19, 1952, c. 950, §1, 66 Stat. 802.

"§144. *Decision on appeal*

"The United States Court of Customs and Patent Appeals, on petition, shall hear and determine such appeal on the evidence produced before the Patent Office, and the decision shall be confined to the points set forth in the reasons of appeal. Upon its determination the court shall return to the Commissioner a certificate of its proceedings and decision, which shall be entered of record in the Patent Office and govern the further proceedings in the case. July 19, 1952, c. 950, §1, 66 Stat. 802.

"§145. *Civil action to obtain patent*

"An applicant dissatisfied with the decision of the Board of Appeals may unless appeal has been taken to the United States Court of Customs and Patent Appeals, have remedy by civil action against the Commissioner in the United States District Court for the District of Columbia if com-

menced within such time after such decision, not less than sixty days, as the Commissioner appoints. The court may adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Board of Appeals, as the facts in the case may appear and such adjudication shall authorize the Commissioner to issue such patent on compliance with the requirements of law. All the expenses of the proceedings shall be paid by the applicant. July 19, 1952, c. 950, §1, 66 Stat. 803."

§282. *Presumption of validity; defenses*

"A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it.

"The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

"(1) Noninfringement, absence of liability for infringement or unenforceability.

"(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability.

"(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title.

"(4) Any other fact or act made a defense by this title.

* * *"

"§284. Damages

"Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

"When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.

"The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances."

**(The Court Of Appeals Opinion Of Which Review Is Prayed)**

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(7 Cir., 318 F.2d 701, 137 USPQ 694).

ZYSSET et al. v. POPEIL BROTHERS, INC.

Nos. 13939, 13940, 14007

June 3, 1963

[Paragraph Numbers Supplied]

Before SCHNACKENBERG, CASTLE, and KILEY, *Circuit Judges.*

CASTLE, *Circuit Judge.*

[1] Karl Zysset, patentee, and New-Nel Kitchen Products Company, his licensee, sued Popeil Brothers, Inc., for infringement of Zysset Patent No. 2,782,826. A trial restricted to the issues of validity of the patent and its infringement resulted in a judgment for the plaintiffs entered in October 1958. Defendant's appeals from that judgment, and from the District Court's denial of a subsequent motion for relief therefrom on the basis of newly-discovered evidence, were considered by this Court in *Zysset* v. *Popeil Brothers, Inc.*, 7 Cir., 276 F.2d 354, 124 USPQ 250, cert. den., 364 U.S. 826, 127 USPQ 555. A detailed description of the Zysset device, a vegetable shredder or chopper, and its manner of operation, together with the claims of the patent, are set forth in that opinion (pp. 355-356, 124 USPQ at 250-251) and need not be repeated here. This Court affirmed,[1] except as to claim 1, the judgment order of the District Court finding the Zysset patent to be valid and infringed and enjoining the defendant from further infringement.

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[1] Opinion filed February 11, 1960; modified and rehearing denied April 14, 1960, 125 USPQ 152; mandate issued May 18, 1960.

[2] On the subsequent trial of the issue of plaintiffs' damages, and of the defendant's counterclaim for breach of contract and unfair competition, the District Court awarded judgment for the plaintiffs for $182,325.38, representing $126,103.12 for damages and $56,222.26 for plaintiffs' attorneys' fees and disbursements, and for costs. The judgment was entered July 13, 1962.

[3] Prior to the trial of the issue of plaintiffs' damages the defendant on December 29, 1960, filed a motion[1] seeking that the accounting which the District Court had ordered be terminated and that a final judgment be entered for nominal damages. This motion was grounded on the contention that claim 2, the remaining claim of the patent in suit, lacked novelty and patentable invention over Wilson & McCahay Patent No. 207,146, presented as a newly discovered prior-art reference. The motion was heard on its merits and denied.

[4] Both plaintiffs and defendant appealed from the July 13, 1962 judgment. Subsequently, on November 5, 1962, the defendant filed in the District Court a second motion for relief from judgment on the basis of certain Swiss patents presented as newly discovered evidence of prior art invalidating the Zysset patent.[2] The motion was denied.

[5] Plaintiffs on their appeal (No. 13939) contend that the damages awarded are inadequate. Defendant on its

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[1] The motion although captioned "Motion For Mitigation Of Damages Or For Application Of The Rule *De Minimus Non Curat Lex*" was on defendant's motion treated as a motion under Rule 60(b) (2), Federal Rules of Civil Procedure (28 U.S.C.A.), for relief from the October 1958 judgment of validity and infringement.

[2] The motion prayed for issuance of a certificate to this Court requesting a remand of the cause pursuant to the procedure outlined in *Binks Mfg. Co.* v. *Ransburg Electro-Coating Corp.*, 7 Cir., 281 F.2d 252, 260-261, 126 USPQ 318, 326.

cross-appeal (No. 13940) and on its appeal (No. 14007) contends that the court erred in denying the defendant's respective motions for relief from judgment on the basis of newly discovered evidence—erred in not holding claim 2 of the Zysset patent invalid—and, in any event, that the court erred in awarding attorneys' fees and disbursements, and costs, to plaintiffs.

[6] Contrary to the interpretation defendant seeks to place on *Zysset* v. *Popeil Brothers, Inc., supra*, upon which faulty premise defendant bases the relevancy of its newly cited prior-art references, it is abundantly clear that it is the single-piece sinuous blade in combination with the sinuous slot of the wiper cup, the housing, indexing feature and torsion clutch, all of which are included in claim 2, which was held to constitute patentable invention. It is the *combination* which was held valid and infringed —not any particular element thereof, *per se*. In *Zysset* v. *Popeil Brothers, Inc.*, it was pointed out (276 F.2d 354 at 357, 124 USPQ 250, 252) that the sinuosity of the blade and slot in the wiper cup was an important element in the "combination claimed in the patent" and that:

> "It eliminated the problem of particles wedging between multiple blades without loss of the advantage of the additional chopping surfaces, and in *combination* with the indexing feature produced a result beyond that of mere mechanical improvement over existing art. A novel idea was incorporated. While it took mechanical skill to adapt the idea to practical use, and although the mechanics employed may have been obvious, the idea was not. It possessed the 'impalpable something which distinguishes invention from simple mechanical skill.' *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 71 S.Ct. 127, 129, 95 L.Ed. 162, 87 USPQ 303, 305." (Emphasis supplied.)

[7] We deem it unnecessary for the purposes of this case to consider or pass upon the propriety of the District Court's action in entertaining the defendant's motions of December 29, 1960 and November 5, 1962, either from the standpoint of their timeliness under the limitations of Rule 60(b),* or in view of the previous mandate of this Court affirming the validity of the patent claim the motions attack anew. Apart from such considerations we are not persuaded by defendant's contentions that its failure to produce the newly cited prior-art references at the 1958 trial on the issue of validity was not due to lack of diligence on its part. But more important we perceive nothing in this newly tendered prior art which requires a change in the original conclusions of law and judgment with respect to the validity of claim 2 of Zysset Patent No. 2,782,826.

[8] The newly cited prior-art reference relied upon in connection with defendant's December 29, 1960, motion is Wilson & McCallay Patent No. 207,146 covering a device for use in cutting plug tobacco during the process of manufacture, the object being to cut pieces of plug tobacco in a zigzag or curved form to facilitate the adherence of the sections one to another when subjected to pressure in the finishing process and to enable consumers to identify the manufacturer by the shape of the pieces. Curved or zigzag knives were employed in the cutter-head, and between them correspondingly-formed clearing plates. After a cut is made the pieces are separately covered with a wrapper and then brought together under pressure to form a single plug which can be broken apart for the retail trade. Except for disclosing a sinuous type of knife blade Wilson & McCallay is no better a prior-art reference than those originally cited, and considered and rejected.

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* Cf. *Marconi Wireless Telegraph Co. v. United States*, 320 U.S. 1, 47-48, 57 USPQ 471, 491.

in *Zysset* v. *Popeil Brothers, Inc., supra.*[5] Its disclosure of a sinuous blade and a clearing plate is not an anticipation of the *combination* of Zysset. Nor is Wilson & McCallay addressed to either the purpose or problems of Zysset. It uses a plurality of knives in a single cutting operation to obtain pieces of desired shape so that they will adhere when re-united and when eventually re-separated will serve to identify the product. It is not a shredder or chopper using a single sinuous blade in repeated cutting operations, each from a different position than the previous cutting stroke, and incorporating the combination of features which endowed Zysset with the quality of invention over the separate elements employed.

[9] The newly cited prior-art references now relied upon by defendant in connection with its November 5, 1962, motion consist of Galant, Swiss Patent No. 261,313 and Hofmann, Swiss Patent No. 265,458.[6] Neither of these discloses or anticipates the *combination* of Zysset. Galant, a fruit and vegetable cutter, and Hofmann, an onion chopper, each disclose a wiper or brush-off plate through which operate multiple straight blades set at an angle to each other. Except for disclosure of a wiper they are no better prior-art references than those originally relied upon.

[10] Defendant's contentions with respect to the disclosures of Wilson & McCallay, Galant and Hofmann are

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[5] See 276 F.2d 354, pp. 356-357, 124 USPQ 250, 251, for prior-art references considered and rejected.

[6] Defendant's motion also tendered Piller, Swiss Patent No. 272,785 as newly discovered evidence but defendant abandoned such assertion when it was revealed that it had been cited in an interrogatory answer filed by plaintiff Zysset in May 1958. Piller, an onion cutter, like Galant and Hofmann, had a wiper but the multiple blades were slightly curved.

predicated upon its faulty assumption that it is one element, or something less than the whole of the combined elements, which is relied upon in Zysset to constitute patentable invention. And such is not the case.

[11] On the question of defendant's diligence in the discovery of these belated references it is noted that all three of the newly cited patents are shown by the record to be classified, and copies thereof physically present, in the same Patent Office classification, Class 146, Subclass 160, as Zysset Patent No. 2,782,826. Defendant attempts to negate lack of diligence on its part in connection with its failure to originally cite Galant and Hofmann by reference to an affidavit by a Washington, D.C., patent attorney that although Galant was received in the Patent Office in 1949 and Hofmann in 1950, the affiant, in 1962, could find no reference in the routing records of the Patent Office Library to show that they had been referred to Division 5 which issued the patent in suit although they were then in the files of such Division. But the lack of a record of such routing does not serve to establish that these two Swiss patents were not available in Class 146, Subclass 160 and that a proper search prior to the 1958 trial on the issue of validity would not have revealed them. It does not serve to excuse what on its face shows lack of diligence on defendant's part in so far as discovery of this particular, although worthless, prior art is concerned. Defendant offers no valid reason to excuse its apparent lack of diligence with respect to the discovery of Wilson & McCallay, similarly a reference of no import. As to Wilson & McCallay, defendant appears to rely on the faulty premise that it was not until the opinion of this Court in *Zysset v. Popeil Brothers, Inc.*, 276 F.2d 354; 124 USPQ 250, that Wilson & McCallay became of significance. But such argument falls with the premise, heretofore demonstrated unsound upon which it is based.

[12] We perceive no error in the District Court's denial of defendant's motions for relief from judgment. We proceed to consideration of the issues presented in connection with the damages awarded and the allowance of attorneys' fees and costs.

[13] A statement of account filed by the defendant pursuant to order of the District Court discloses that it manufactured and sold 3,152,578 infringing food choppers. The dollar amount of such sales is stated to be $2,981,464.70. On the basis of cost items set forth in the statement of account the court found that the net profit accruing to the defendant from the manufacture and sale of infringing devices was $455,293.01, in the computation of which amount deductions as costs, objected to by the plaintiffs but allowed by the court, were made in the amount of $42,830.59 representing expenses incurred by defendant for attorneys' fees and disbursements in this litigation, $109,192.44 representing a proportionate allocation to the infringing products of the compensation paid to defendant's officers, and $29,356.08 representing a loss sustained by the defendant in connection with the sale of the infringing devices during the period commencing August 1, 1959, and terminating February 12, 1960. Although all three deductions were allowed by the court in its findings, in its conclusions of law the court concluded that a "defendant's costs of litigation, * * * and salaries of officers in a closely held corporation are not properly deductible in arriving at the net profits".

[14] The District Court found that an award to plaintiffs based only upon a reasonable royalty would be in conformity with the law; that upon the basis of the testimony a fair royalty payment would be 4 cents for each of the infringing devices sold by defendant; and that an award to plaintiffs based upon such reasonable royalty "would

together with attorneys' fees,[7] be adequate compensation for defendant's infringement. The $182,325.38 judgment entered for the plaintiffs represents such royalty and attorneys' fees.

[15] The plaintiffs contend that the court erred in not measuring their damages by defendant's profit from the sales of infringing devices computed without allowance of the deductions for cost to which objections were made. The defendant contends that on the facts and circumstances presented by the record an award of damages measured by its profit is not warranted. It further contends the court erred in allowing plaintiffs their attorneys' fees and disbursements— that the record does not show the "exceptional circumstances" requisite to the justification of such allowance,[8] nor did the court make a specific finding as to the existence of such circumstances. And that 35 U.S.C.A. §288 precludes allowance of costs to plaintiffs.

[16] The statute governing damages in patent infringement cases, 35 U.S.C.A. § 284, in so far as here pertinent, provides:

> "Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonably royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court."

[17] The statute prescribes a reasonable royalty as the minimum measure of damages. But it does not pur-

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[7] The reasonableness of the attorney's fees and disbursements claimed were stipulated, but not their allowance.

[8] 35 U.S.C.A. § 285 provides: "The court in exceptional cases may award reasonable attorney fees to the prevailing party."

port to restrict the allowance of damages measured by the infringer's profits where proof of such profits can be and is made, and where under the principles recognized in the decisions such measure of damages is otherwise proper. In this connection we agree with the observation made in *Wm. Bros. Boiler & Manufacturing Co.* v. *Gibson-Stewart Co.*, 6 Cir., 312 F.2d 385, 386, 136 USPQ 239, 240, to the effect that in such a case "if profits are susceptible of determination, no royalty should be awarded".

[18] The action of Congress in adding its sanction to the already judicially approved use of a "reasonable royalty" to measure damages for infringement (Cf. *Dowagiac Mfg. Co.* v. *Minnesota Moline Plow Co.*, 235 U.S. 641, 648), and establishing such measure as marking the minimum below which such damages should not fall, certainly evinces no intention to substitute "reasonable royalty" as an exclusive measure of damage. This is fully borne out by the record of the committee hearings on the proposal to add the provision relative to reasonable royalty to 35 U.S.C. § 70, the section from which present § 284 is derivative.

[19] An infringer's profits are a traditional measure of damages. *Coleman* v. *Holly Mfg. Co.*, 9 Cir., 269 F.2d 660, 663, 122 USPQ 559, 560-561. Such profits may be the measure of damages suffered, even though the statute does not prescribe that "profits" are to be recovered as such. *Graham* v. *Jeoffroy Mfg.*, 5 Cir., 353 F.2d 72, 74, 116 USPQ 542, 543. But whether an infringer's profits are to be utilized as the measure of the damages ade-

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[9] Hearing on January 29, 1946 on HR 5231, House Committee on Patents, 79th Congress, 2d Session, pp. 7, 11, 17-19, 21. Senate Committee on Patents, Report No. 1503, July 14, 1946, 1946 U.S. Cong. Service, pp. 1386-7. And see: 94 Cong. Record 1857 (1946).

quate to compensate for the infringement" to be awarded pursuant to § 284 must, in our opinion, depend upon the facts of the individual case. Cf. *Ric-Wil Co.* v. *E. B. Kaiser Co.*, 7 Cir., 179 F.2d 401, 407, 84 USPQ 121, 126-127.

[20] Here the actual profits of the defendant were determinable and were evidenced by defendant's own accounting. Unless the nature of the case makes the employment of such measure of damages improper or inequitable it should apply. In its infringing choppers defendant employed the combination of Zysset. There is nothing in the record to support a claim that the marketable value of the infringing devices was attributable to some other feature, patented or unpatented. Thus there was no need to establish, as was the case in *National Rejectors, Inc.* v. *A. B. T. Mfg. Corp.*, 7 Cir., 188 F.2d 706, 709, 89 USPQ 508, 511; where the infringing device incorporated other features licensed under other patents, what the Court there characterized as the "rarity" of the entire marketable value of the infringing device being solely attributable to but the one patented feature—the improvement of one of the parts of the mechanism, covered by plaintiff's patent, in order to justify an award of the defendant's entire profits to the plaintiff. That "[u]nder such circumstances, the entire profits belong to the plaintiff", does not limit the application of the rule to such situations nor militate against its application here.

[21] The District Court's rejection of profits as a measure of damages and its adoption of what it found from the evidence to constitute a reasonable royalty, which together with attorneys' fees, would provide "adequate compensation for defendant's infringement" appears to be predicated upon its finding, 134 USPQ 222, 229, that

"• • • [T]his is one of those rare cases in which an infringement has been a blessing in disguise; that only the skill, salesmanship and business acumen of defendant and its principal officer, Samuel Popeil, has brought a financial reward to the plaintiff in the form of a fortuitous windfall if this judgment is finally collected. • • •"

[22] The record does disclose that defendant was industrious in the pursuit of its infringing activities and through employment of demonstration techniques and a "sales pitch" sought to fully exploit the marketability of food choppers incorporating the combination features of the Zysset patent. But it took no skill to infringe, and it required no unusual business acumen to recognize the existence of a wide-spread market for such a household device, and the possibility of profit inherent in its marketing. The inference that it was only the "salesmanship" of the defendant that enabled it to dispose of 3,152,578 infringing choppers for $2,981,464.70 during the period of its infringement of the Zysset patent is without substantial support in the record. Comparison of comparable production[10] periods of the defendant and New Nel, the plaintiff-licensee, shows no great disparity in the sales of either. Moreover, when after February 12, 1960, the defendant altered its remaining stock of infringing choppers to make them non-infringing, and manufactured only non-infringing choppers, they were being given away with the purchase of one of defendant's other products, a salad maker.

[23] But, in any event, the defendant's financial "success" in reaping profits as an infringer does not in our opinion afford a basis for relegating the plaintiff to

[10] Defendant did cheapen the construction of its infringing choppers and by successive price reductions culminating approximately 50% achieved an increased sales volume

recovery of but the statutory minimum measure of damages—a reasonable royalty.

[24] From our examination of the record we conclude that the District Court erred in not awarding plaintiffs damages measured by defendant's profits from infringement. The court did make findings with respect to such profits. It is unnecessary to a proper consideration and disposition here that further findings be made. We need but consider whether the court in its computation of profits erred in allowing the deductions to which plaintiffs objected.

[25] The deduction allowed for expenses incurred by defendant for attorneys' fees and disbursements in this litigation was improper. *Graham* v. *Jeoffroy Mfg.*, 5 Cir., 253 F.2d 72, 76, 116 USPQ 542, 545; *Oil Well Improvements Co.* v. *Acme Foundry & Machine Co.*, 8 Cir., 31 F.2d 898, 900; Cf. *Computing Scale Co.* v. *Toledo Computing Scale Co.*, 7 Cir., 279 F. 648, 660, 677.

And the loss sustained by the defendant when it drastically reduced the price of its infringing choppers toward the termination of the infringement period was not a permissible deduction from the profits it had theretofore made. *Duplate Corp.* v. *Triplex Safety Glass Co.*, 298 U.S. 448, 457-458, 29 USPQ 306, 310; *Starr Piano Co.* v. *Auto Pneumatic Action Co.*, 7 Cir., 12 F.2d 586, 589.

[26] The $109,192.44 which represents a proportionate allocation to the infringing products of the compensation paid to defendant's three corporate officers, who are the owners of the corporation, is not a permissible deduction. *Graham* v. *Jeoffroy Mfg.*, 5 Cir. 253 F.2d 72, 76, 116 USPQ 542, 545; *Flat Slab Patents Co.* v. *Turner*, 8 Cir., 285 F. 257, 283.

[27] Adjustment of the defendant's profits, as found by the District Court on the basis of defendant's accounting statement, by the elimination of these three deductions which the court allowed over the objections of the plaintiffs, results in the profit figure $636,672.12. It is our conclusion that the plaintiffs are entitled to judgment for that amount.

The District Court's inclusion of plaintiffs' attorneys' fees and disbursements in the judgment it awarded was not predicated upon a finding of "exceptional circumstances" justifying such an allowance under 35 U.S.C.A. § 285—but was ostensibly for the purpose of augmenting the award of damages computed on a reasonable royalty basis. We are of the opinion that the interest of justice do not require that we remand for a finding as to the existence of a basis for an award of attorneys' fees to plaintiffs.

[28] The question of costs is in our view mandatorily governed by 35 U.S.C.A. 288. That section provides:

> "Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent Office before the commencement of the suit".

Plaintiffs' disclaimer of claim 1 was not filed until July 12, 1960, long after the commencement of this suit, and subsequent to the determination made by this Court on the appeal of the judgment of validity and infringement (276 F.2d 354, 124 USPQ 250). In view of this the plaintiffs are precluded from recovery of costs in the District Court or upon these appeals. *Liquid Carbonic Co.* v. *Gilchrist*, 7 Cir., 253 F. 54, 58-59; *Gottschalk Mfg.*

*Co.* v. *Springfield Wire & Tinsel Co.*, 1 Cir., 75 F.2d 907, 908-909, 24 USPQ 423, 424.

[29] In Appeals Nos. 13939 and 13940, the judgment order of the District Court entered July 13, 1962, is reversed in so far as it awards damages and attorneys' fees and disbursements in the sum of $182,325.38, and costs; the cause is remanded to the District Court with instructions to vacate that portion of its judgment order of July 15, 1962, and with directions to enter judgment for the plaintiffs in the sum of $636,672.12, without costs but with interest from the date of its entry.

In Appeal No. 14007, the judgment order of the District Court entered November 13, 1962, is affirmed.

Neither party is allowed costs in this Court in these appeals.

(Earlier Opinions In The Case)

## ORIGINAL OPINION OF DISTRICT COURT ON MERITS

(Caption—Civ. A. No. 57C763)

United States District Court
N. D. Illinois, E. D.

Oct. 3, 1958. (167 F.Supp. 362)

PERRY, District Judge.

This action came before the Court on the Amended Complaint of the plaintiffs against defendant, charging infringement by defendant of United States Letters Patent No. 2,782,826 issued to Karl Zysset, on February 26, 1957. Defendant filed a Counterclaim praying for a declaratory judgment finding the patent in suit to be invalid or not infringed by defendant. The structure charged to infringe both claims of the patent in suit by the Complaint is a food shredder identified herein as Plaintiffs' Exhibit 12. Defendant subsequently amended its counterclaim to ask for a declaratory judgment that a second form of food shredder made by it subsequent to the commencement of this action and identified as Plaintiffs' Exhibits 27 and 28 does not infringe the patent in suit.

Upon full consideration of the record herein, including the testimony of witnesses in open court and the exhibits offered and received in evidence, the Court finds as follows:

## Findings of Fact

1. This action was filed on or about April 29, 1957, charging infringement of United States Letters Patent No. 2,782,826 by food shredders or choppers manufactured and sold by defendant since the issuance of said patent on February 26, 1957, the particular product being charged to infringe all of the claims of said patent being identified herein as Plaintiffs' Exhibit 12.

2. The patent in suit was issued to plaintiff, Karl Zysset, of Lyss, Switzerland, and there is no evidence that the patent has ever been assigned by said plaintiff to any other party. On April 2, 1957, Karl Zysset granted to Arthur O. Nelson and Harold Newman an exclusive license under the patent in suit to make, use and sell the patented invention and that exclusive license agreement was transferred, in writing, on July 10, 1957 to New-Nel Kitchen Products Company, of Chicago, an Illinois corporation, party plaintiff herein, as shown in Plaintiffs' Exhibit 5, and the plaintiffs, together, own all of the rights under said patent in suit.

3. Defendant, Popeil Brothers, Inc., is an Illinois corporation and has its principal place of business at Chicago, Illinois.

4. The parties, by their counsel, stipulated that the defendant, prior to the filing of this action, made and sold vegetable shredders or choppers of the type identified herein as Plaintiffs' Exhibit 12 and that evidence showed that defendant made and sold such devices subsequent to issuance of the patent in suit and continued to make and sell such devices after the filing of this action.

5. Before the patent in suit had been granted and issued by the United States Patent Office and while the

application therefor was pending in the United States Patent Office, the defendant purchased in Chicago a vegetable shredder or chopper made in Switzerland under the authority of plaintiff, Karl Zysset, and such device was taken to the office of the defendant company, taken apart and carefully examined by defendant as to the form of its manufacture and method of operation. Said device so purchased by the defendant and marked Plaintiffs' Exhibit 6 was used by defendant as the model from which it made production drawings, molds, dies and tools for the subsequent manufacture by defendant of the structures charged to infringe the patent in suit. Only slight changes were made from the commercial structure purchased by defendant to produce the article charged to infringe, such changes as there were primarily being the omission of threads between various elements and the location of the attachment of the blade to the blade-holding bar, both of which were said to have reduced the cost of manufacture but neither of which changed the mode of operation or the results obtained thereby in the commercial structure made in Switzerland and purchased by the defendant in the United States, as exemplified in the device marked Plaintiffs' Exhibit 6.

6. In the patent in suit, there is illustrated and described a vegetable shredder or chopper comprising a two-part, bell-like housing having an upper portion and a lower portion adapted to be placed over the goods to be shredded and a sinuous single-piece knife blade mounted at the lower end of an actuating spring-loaded shaft which is manually depressible to place the several cutting portions of the knife blade into chopping relation with the goods to be shredded. Adjacent the lower end portion of the stem is located a checking member attached to the stem and carrying a sleeve having two diametrical cams

on the outer face thereof, a helical torsion spring disposed in the sleeve and coiled about the stem, one end of the spring being anchored. Inside the top bell-like portion, there is located a socket having a plurality of internal helical grooves. When the stem is depressed, the spring clutch is disengaged and the knife blade does not rotate in its downward movement. However, on its upward movement near the end thereof, the cams on the checking member enter the helical grooves and the stem at that time being engaged by the spring clutch, the stem and the sinuous blade mounted thereon move into a new position, different from the position of the blade as made on the previous chopping stroke. Within the housing is located a wiper plate having a sinuous opening which substantially matches the shape of the blade and vegetable portions which may adhere to the blade are cleared therefrom on the upward stroke wherein the wiper plate wiper such vegetable fragments from the blade. As described in the patent, the checking member comprises a ring seated on the stem portion and a depending sleeve mounted on the ring. However, both in the Zysset commercial form of this device and in the structures charged to infringe, the ring and the sleeve are combined into an integral unit.

7. While in the commercial devices the ring and the sleeve above-mentioned are combined into an integral unit, they perform precisely the same function operating in precisely the same manner as the ring and sleeve separately function and perform as disclosed in the patent for the same purpose and achieving the same result. It is not a departure from the disclosure of the patent for the ring and sleeve to be made in an integral unit instead of in two separate units.

8. The patent in suit is not limited as to the means of mounting the blade on the actuating stem.

9. The claims of the patent in suit contain no limitations as to whether the portions of the bell-like housing are joined frictionally or by threaded engagement nor is there any limitation in either of the claims of the patent in suit as to the manner of mounting the handle knob at the upper end of the stem.

10. After this action had been filed and was at issue, the defendant commenced the manufacture and sale of a second form of vegetable shredder or chopper as to which it sought the declaratory judgment of this Court that such device identified herein as Plaintiffs' Exhibits 27 and 28 was not an infringement of the patent in suit. This device differed from the first form charged to infringe, Plaintiffs' Exhibit 12, primarily in the construction of the checking member which, in the first form charged to infringe, included a spring clutch which in the second form was changed to a plastic ratchet form of clutch having flexible blades which permitted rotation of the checking member relative to the stem in one direction but prevented such relative rotation in the opposite direction. While different in specific form, the ratchet-type clutch was designed and intended and actually operates to perform the same function as the spring clutch used in the first form of defendant's device charged to infringe and performs such function in substantially the same manner, to achieve the same result; that is, to permit partial rotation of the blade at the time the cams on the sleeve enter the helical grooves and to prevent rotation of the blade when the stem is depressed. Like the spring clutch, the ratchet clutch is a well-known simple form of one-way clutching, well known in the art as equivalents for the purpose of preventing rotation of an element in one direction and permitting its free rotation in the opposite direction.

11. Karl Zysset, plaintiff, is engaged in the manufacture in Switzerland and the sale of vegetable shredders under the name of Blitzhacker, made in accordance with the patent in suit and as exemplified in the device marked Plaintiffs' Exhibit 6, illustrated and described in the Blitzhacker circulars, Plaintiffs' Exhibits 8c, 8e, 8f, 8g and 8h. Such devices made in Switzerland were first sold in this country in July, 1954. The other plaintiff, New-Nel Kitchen Products Company, exclusive licensee in this country under the patent in suit, commenced the manufacture and sale of vegetable shredders made in accordance with the patent in suit in the summer or fall of 1957. Its devices are exemplified in Plaintiffs' Exhibits 9, 24 and 30 and are illustrated in the drawing marked Plaintiffs' Exhibit 32 and Plaintiffs' Exhibit 37, and in the circulars marked Plaintiffs' Exhibits 11a, 11b, 11c and 11d.

12. The defendant's vegetable shredders or choppers in both forms presented to the Court are sold under various names, including Chop-O-Matic, Roto Chop and Merry-Go-Round. The first form of defendant's device charged to infringe has been identified herein as Plaintiffs' Exhibit 12 and a cut-open sample thereof has been identified as Plaintiffs' Exhibit 34. These exhibits are illustrated in the drawing Plaintiffs' Exhibit 33. The second form of defendant's device brought into this action by defendant's amendment to its Counterclaim for declaratory relief is exemplified in Defendant's Exhibits 27 and 28, illustrated in the drawing Defendant's Exhibit 32.

13. Defendant published catalog sheets or circulars, three of which are identified herein as Plaintiffs' Exhibits 14, 15 and 15a, which illustrate products of the defendant. This advertising matter is laudatory of the devices, is equally applicable both in illustration and descriptive

matter to all forms of vegetable shredders or choppers made and sold by defendant, and represents that such devices were originated by or invented by the defendant.

14. The plaintiffs objected to bringing into this action the defendant's so-called second form of vegetable shredder or chopper which was first made after the commencement of this suit on the ground that the Court did not have jurisdiction under Title 28, U.S. Code, Section 2201, contending that there had been no actual controversy between the parties relative to such device and that defendant was actually seeking an advisory opinion of the Court. The Court, however, gave defendant leave to bring the said second form of device before the Court for adjudication.

15. The first form of vegetable shredder or chopper made and sold by defendant, Popeil Brothers, Inc. as exemplified in Plaintiffs' Exhibit 12 and Plaintiffs' Exhibit 34, and as illustrated in the drawing Plaintiffs' Exhibit 33, fully responds to and includes the combination of elements set forth in both claims 1 and 2 of United States Letters Patent No. 2,782,826 here in suit.

16. The so-called second form of vegetable shredder or chopper made and sold by defendant commencing subsequent to the institution of this action and exemplified in Defendant's Exhibits 27 and 28 and illustrated in Defendant's Exhibit 32 likewise responds fully to and includes the combination of elements set forth in claims 1 and 2 of said United States Letters Patent No. 2,782,826 here in suit, the ratchet form of the checking means in said second form being the full equivalent of the spring clutch described in the patent in suit and used by defendant in the first form of vegetable shredders or choppers charged to infringe.

17. The defendant has cited a substantial number of prior art patents and publications, Defendant's Exhibits 5a to 5k inclusive, including:

| | | |
|---|---|---|
| Blake | — | No. 95,309 |
| Hard | — | 137,074 |
| Allen | — | 267,127 |
| Hansen | — | 1,023,517 |
| Hanel | — | 2,140,010 |
| Clark | — | 2,422,340 |
| Zeller | — | 2,623,563 |
| Zysset (Austrian) | | 180,369 |
| Zysset (German) | | 235,749 |
| Suter (Swiss) | | 155,720 |

and excerpts from the publication "Ingenious Mechanisms".

The Zysset patents referred to in the foregoing group were issued upon the applications of Karl Zysset and do not represent prior art as to the patent in suit.

18. The Hanel patent No. 2,140,010 and the Suter Swiss patent No. 155,720 were expressly considered by the United States Patent Office before grant of the patent in suit and none of the other references in the prior art cited by defendant can be considered as better or closer prior art than those expressly considered by the Patent Office.

19. None of the references cited by the defendant discloses in combination the structure of the patent in suit and it does not appear from any evidence that any of such disclosures would have suggested to a person skilled in the art the vegetable shredder or chopper invented by Karl Zysset at the time of his invention thereof.

20. One of the patents primarily relied upon by defendant in Hanel patent No. 2,140,010 which was ex-

pressly considered by the Patent Office before the patent in suit was allowed, and the Hanel patent does not disclose a structure which will operate to perform the functions desired and intended by the patent in suit. In the Hanel patent, the blade is not advanced in the manner disclosed by the Zysset patent in suit to cut up the food to be chopped in the manner disclosed by Zysset. At the trial, defendant produced Mr. Hanel as a witness, although no previous notice thereof was given to plaintiffs and although no knowledge or structure known to Mr. Hanel, other than that shown in his patent No. 2,140,010 was set up in the pleadings or in any notice as a matter of defense. The only address of Mr. Hanel as to which plaintiffs were given any information either in the pleadings or by notice was the address given in the Hanel patent as Jackson Heights, New York. However, Mr. Hanel testified at the trial that he had not lived in Jackson Heights for a considerable period and that he does reside at R. D. No. 1, Box 242, Iona Lake Road, Franklinville, New Jersey. Over the objections of plaintiffs that there was no basis in any pleading or notice for such testimony, Mr. Hanel testified that in about 1938 he made models of one or more onion choppers, one of which, Defendant's Exhibit 16, corresponded to Fig. 5 of his patent. He also testified that another model, Defendant's Exhibit 12, which he said he had made and which he produced at the trial could have been modified to perform one of the functions of the Zysset patent in suit, namely, rotation of the blade in the latter part of the upward stroke thereof. While plaintiffs' objections to the testimony of Mr. Hanel for lack of notice may have been proper, the Court finds that Hanel's testimony as to what he actually did, even if true and even if properly corroborated, would not have amounted to the combination disclosed and claimed in the Zysset patent in suit. What

Mr. Hänel may now believe that he could have done after he has knowledge of the Zysset patent and its structure is of no consequence.

21. None of the prior art patents or publications anticipates the claims of the patent in suit and it would not have been obvious to one skilled in the art, at the time that any of such prior art disclosures were made, to have made therefrom or in combination with the other prior art patents the invention described, disclosed and defined in the patent in suit.

22. Each of the claims of the patent in suit clearly and definitely defines a combination of elements cooperating together to provide a novel food shredder or chopper possessing many advantages over any of the structures of the prior art.

23. The patent in suit is a clear, concise and exact description of the Zysset invention, in such terms as to enable one skilled in the art to make and use the same.

24. The invention defined by claims 1 and 2 of the patent in suit was not patented or described in any printed publication or patent in this country or any foreign country before the filing date of the patent in suit.

25. The Zysset German patent No. 935,749, Defendant's Exhibit 5i, was not patented in Germany in accordance with the meaning of the United States Statutes, until November 24, 1955, which is the "ausgegeben" or publication date of the German patent, and that is the effective date of said patent for the purposes of this suit rather than the filing date of the German application namely, March 10, 1954, as claimed by defendant.

26. The record contains no evidence of prior invention, public use or sale of the invention described and claimed in the patent in suit prior to the filing date of the application therefor, which would render the patent invalid.

27. The file wrapper of the patent in suit shows that there were no acts, express or implied, taken by the applicant for the patent in suit which create any estoppel or restriction of the claims in suit in so far as their present interpretation is to be made. The claims of the patent in suit as first presented were rejected by the Patent Office because of formal matters only and no amendments or changes were made to avoid prior art which would so restrict either claim of the patent in suit as to avoid infringement by the defendant in its manufacture and sale of devices like Plaintiffs' Exhibits 12 and 34 and Defendant's Exhibits 27 and 28 illustrated in the drawings, Plaintiffs' Exhibit 33 and Defendant's Exhibit 32, respectively.

28. Defendant carried on some negotiations with the representatives of Karl Zysset, plaintiff, for the purchase of the latter's vegetable shredders or choppers or for a license under Zysset's patent rights and therefore knew of the pendency of the application for the patent in suit before it had actually sold vegetable shredders and choppers for which it used a Zysset chopper as a guide or model but such negotiations did not culminate in any agreement between the parties and the terms offered to Zysset by defendant were so low as to make it appear that the defendant never expected or intended that such negotiations would culminate in an actual agreement. With full knowledge of the pendency of Zysset's patent applications, the defendant informed the plaintiff Zysset that it intended to proceed with its manufacture and sale of the vegetable shredder and chopper charged to in-

fringe whether or not it had a license from plaintiff and it proceeded to do so. The Court finds that the defendant deliberately copied the invention of the patent in suit without authority.

29. Plaintiff Karl Zysset granted an exclusive license, Plaintiffs' Exhibit 4, under the patent in suit, to Arthur O. Nelson and Harold Newman who paid $21,000 royalties as down payment thereunder and committed themselves to additional royalties in the amounts set forth in said license. The license was obtained by Arthur O. Nelson and Harold Newman expressly for New-Nel Kitchen Products Company, which was subsequently formed as an Illinois corporation for the purpose of manufacturing and selling the patented invention and such exclusive license agreement was assigned to New-Nel Kitchen Products Company with the approval of Karl Zysset as shown in Plaintiffs' Exhibit 5.

30. The equities in this case are with the plaintiffs, Karl Zysset and New-Nel Kitchen Products Company.

31. The device of the patent in suit has had great commercial success and more than 2,000,000 of such devices have been sold by the defendant and by the plaintiff, New-Nel Kitchen Products Company, in the United States.

32. It was an unfair practice for the defendant to have used the commercial structures made by plaintiff, Karl Zysset, in Switzerland, as models for such devices, to be made by defendant in the United States although it did not constitute an infringement of the patent in suit until that patent had actually issued. Continuance of such practices after the issuance of the patent in suit was an unfair and inequitable act by the defendant in aggravation of the infringement charged.

33. The fact that defendant obtained a patent on its particular form of attachment of the knife blade to the shaft does not avoid infringement of the patent in suit. The particular means of attachment used by defendant is within the scope of both claims of the patent in suit and furthermore constitutes no change in the manner of operation or in the results of operation of the relative structures, both that of plaintiff and its licensee and those of the defendant operating in substantially the same manner to achieve substantially the same result through use of substantially the same means.

34. In addition to its counterclaims for declaratory judgment as to validity and infringement of the patent in suit, defendant filed an "additional counterclaim" herein charging a conspiracy by plaintiffs to engage in acts of unfair competition against defendant and to bring about a violation of an alleged contract between defendant and Arthur O. Nelson. No evidence was presented in support of said counterclaim and the same should be dismissed.

## Conclusions of Law

1. The Court has jurisdiction of the parties and of the subject-matter of this action.

2. Plaintiff Karl Zysset is and has been the owner of United States Letters Patent No. 2,782,826 since said patent was issued to him on February 26, 1957.

3. The plaintiff New-Nel Kitchen Products Company is the exclusive licensee under the patent in suit by virtue of an exclusive license agreement dated April 2, 1957, Plaintiff's Exhibit 4, and the assignment thereof dated July 10, 1957, Plaintiff's Exhibit 5.

4. United States Letters Patent No. 2,782,826 and both of the claims thereof are good and valid in law.

5. Both of the claims of the patent in suit No. 2,782,826 have been and are being infringed by the defendant in the manufacture and sale of devices of the kind exemplified in Plaintiff's Exhibit 12 and Plaintiff's Exhibit 34 and as illustrated in the drawing marked Plaintiff's Exhibit 33 and as exemplified in the devices marked Defendant's Exhibits 27 and 28 and as illustrated in the drawing marked Defendant's Exhibit 32.

6. None of the prior art references discloses the combination of a housing having a socket provided with helical grooves cooperating with an indexing device for advancing a food chopper blade near the end of the upward stroke nor do they disclose a sinuous blade operating through a sinuous slot in a wiper plate. Such a structure as shown and defined in the patent in suit constitutes a patentable invention and the patent in suit was legally and lawfully issued by the United States Patent Office.

7. The Zysset patent discloses an operative structure and clearly describes the construction and operation thereof in such terms as to be clearly understood by those skilled in the art to which the patent appertains.

8. German patent No. 935,749, Defendant's Exhibit 5i, does not constitute prior art against the patent in suit.

9. Plaintiffs are entitled to an injunction restraining the defendant against committing further acts of infringement of either of the claims of the Zysset patent in suit No. 2,782,826 in the manufacture or sale of vegetable shredders of the kind exemplified in Plaintiffs' Exhibits 12 and 34 and illustrated in the drawing, Plaintiffs' Exhibit 33 and as exemplified in Defendant's Exhibits 27 and 28 and illustrated in the drawing Defendant's Exhibit 32.

10. Plaintiffs are entitled to recover from defendant the damages or profits as provided in the patent statutes of the United States which have been occasioned by defendant's infringement of the Zysset patent No. 2,782,826 together with interest thereon and the costs of this suit.

11. Plaintiffs are entitled to an accounting by defendant to determine the damages which plaintiffs shall recover from defendant and the Court, upon appropriate application, will appoint a Master for the purposes of such an accounting. After such accounting has been had, the Court will determine whether in view of the willful nature of defendant's infringement the amount of damages so found shall be increased as provided by statute and the Court shall at the same time determine the amount which shall be allowed to plaintiffs for their costs and disbursements herein. When the amount of the judgment, including costs, shall have been finally determined, plaintiffs shall have judgment therefor and shall be entitled to execution thereon.

12. Defendant is not entitled to any relief under its counterclaims herein, and the same should be dismissed with prejudice and with costs to plaintiffs.

## FIRST OPINION OF COURT OF APPEALS

(Caption—Nos. 12492, 12753)

United States Court of Appeals
Seventh Circuit.

Feb. 11, 1960. (276 F. 2d 354)

Rehearing Denied April 14, 1960.

Before SCHNACKENBERG and CASTLE, Circuit Judges, and MERCER, District Judge.

CASTLE, Circuit Judge.

Karl Zysset, patentee, and New-Nel Kitchen Products Company, his licensee, plaintiffs-appellees, sued Popeil Brothers, Inc., defendant-appellant, for patent infringement and unfair competition. Trial of the issues involving validity of the patent and its infringement resulted in a judgment for plaintiffs in the District Court finding the Zysset patent valid and infringed and enjoining defendant from making, using or selling the accused devices or any other embodying the invention of claims 1 or 2 of Zysset patent 2,782,826. The issues involving unfair competition and plaintiffs' damages resulting from infringement remained to be tried.

Defendant appealed and contends that the District Court erred in holding the Zysset patent met the standards required for patentable invention over the non-cited prior art and, in any event, Zysset's claims are narrowly limited and not infringed by defendant's devices. Subsequent to defendant's appeal we remanded to the District Court to

consider new evidence, the District Court having certified that there appeared to be sufficient cause at law to warrant reopening of the District Court's judgment order pursuant to Rule 60(b) of the Federal Rules of Civil Procedure, 28 U.S.C.A. After hearing on remand the District Court found that no new evidence was presented which required change of the Court's original conclusions of law and judgment. Defendant's motion for relief from the original judgment was denied and defendant's second appeal followed.

The contested issues are (1) the validity of Zysset's patent 2,782,826 and (2) whether defendant's accused devices are infringements.

In the Zysset patent, applied for March 11, 1954 and issued February 26, 1957, there is illustrated and described a vegetable shredder or chopper comprising a two-part, bell-like housing having an upper portion and a lower portion adapted to be placed over the goods to be shredded and a sinuous single-piece knife blade mounted at the lower end of an actuating spring-loaded shaft which is manually depressible to place the several cutting portions of the knife blade into chopping relation with the goods to be shredded. Adjacent the lower end portion of the stem is located a checking member attached to the stem and carrying a sleeve having two diametrical cams on the outer face thereof, a helical torsion spring disposed in the sleeve and coiled about the stem, one end of the spring being anchored. Inside the top bell-like portion, there is located a socket having a plurality of internal helical grooves. When the stem is depressed, the spring clutch is disengaged and the knife blade does not rotate in its downward movement. However, on its upward movement near the end thereof, the cams on the checking member enter the helical grooves and the stem

at that time being engaged by the spring clutch, the stem and the sinuous blade mounted thereon move into new position, different from the position of the blade as made on the previous chopping stroke. Within the housing is located a wiper cup or plate having a sinuous opening which conforms to the shape of the blade and vegetable portions which may adhere to the blade are cleared therefrom on the upward stroke during which the wiper wipes such vegetable fragments from the blade.

The claims of the patent are:

"1. In a vegetable shredder comprising a two-part bell-like housing having an upper and a lower portion and adapted to be put over the goods to be shredded, and a knife blade manually depressible by a spring-loaded actuating stem which has a lower end portion, said blade being mounted on the latter and on each actuation being angularly movable by an automatically-operating indexing device, the improved indexing device including a socket in the upper housing portion, said socket having a plurality of internal helical grooves, and a checking member rotatably but axially immovably mounted on the lower end-portion of the stem, said checking member comprising a ring seated on said stem portion, a sleeve mounted on said ring and having two diametrical cams engageable in said grooves, and a helical torsion spring disposed in said sleeve and coiled about said stem portion, one end of the spring being anchored in the sleeve and the other bearing on said ring; the whole in such combination that on depressing the stem the checking member in the first stage is rotated in one direction relatively to the stem and the spring is disengaged from the latter, while the stem and knife blade are not rotated, and that in the last stage of the stem's upward movement the spring engages

the stem and the latter together with the checking member and knife blade are rotated in the other direction

"2. A vegetable shredder as set out in claim 1, in which the knife blade is sinuous, a wiper cup is rotatably but axially immovably mounted in the lower portion of the housing for clearing the blade on the upward stroke thereof, said blade passing through a continuous slot in the bottom of the wiper cup, and a blade-carrying rod passing in tight fit through a plurality of openings in the blade and being secured to the lower end portion of the stem."

The feature contended by plaintiffs to be novel and to constitute patentable invention is the combination of the elements of (1) the repositioning of the chopper blade by automatic rotation occurring only in the last stage of the upward stroke when the blade is withdrawn from and in a position not to move or disturb the goods being shredded or chopped and (2) the utilization of a sinuous blade which although having the advantage of multiple blades eliminates the wedging of particles of the goods between blade sections; the sinuous blade wiping clean on each upward stroke by a continuous sinuous slot in a wiper plate or cup which rotates with the sinuous chopper blade.

The prior art cited to the Patent Office consisted of Hanel 2,140,010 and Suter, Swiss patent 155,720.

Hanel (1938) discloses a housing to be placed over the material to be chopped, a blade, and a stem having a spiral slot cooperating with a sleeve having ears protruding into the spiral slot for giving a rotary motion to the blade. It does not have a sinuous blade, nor a wiper cup, nor are means provided for permitting the blade to travel upwardly in a straight line and away from

the chopped material before the rotary motion is imparted.

Suter (1932) shows merely a blade attached to a stem and handle so that they may be manually worked up and down in an open hollow cylinder having a working base loosely inserted at the bottom. Three blades arranged in the shape of an "N" or a zigzag blade were disclosed. Suter does not disclose a sinuous blade, nor wiper cup, nor any automatic indexing feature.

Prior art not cited to the Patent Office but relied upon by defendant includes Blake 95,309, Hard 137,074 and Clark 2,422,340.

Blake (1869), a meat chopper, disclosed a partial rotation or indexing of the rod and knife blade which does not take place until it is lifted nearly out of the receptacle so that the contents being chopped will not be disturbed by the partial revolution. Hard (1873), another meat chopper, disclosed the same feature. Clark (1947), a food chopper, disclosed a rotation and indexing feature which could by adjustment of the position of a ratchet disc on the rod or stem holding the blade be made to index only on the last stage of the upward stroke.

A 1952 Zeller patent 2,623,563 is illustrative of plaintiffs' exhibit 17, a Zello onion chopper, and similar to plaintiffs' exhibit 16, the Provit device. In these there was a housing and multiple blades which were operated by a stem and knob to chop food. There was no rotation or indexing of the blades although they were wiped by withdrawal into a slotted cup which sheathed them. The blades were not sinuous. Particles wedging between the blades could cause them to stick.

The District Court found that none of the prior art references discloses in combination the structure of the

patent in suit; that it does not appear from any evidence that any of the disclosures would have suggested Zysset's shredder or chopper to a person skilled in the art, and concluded that the structure as shown and defined in the patent in suit constitutes a patentable invention. We agree with the District Court. It applied the correct criteria of invention. The sinuosity of the blade and slot in the wiper cup or plate was wholly novel in concept and an important element in the combination claimed in the patent. It eliminated the problem of particles wedging between multiple blades without loss of the advantage of the additional chopping surfaces, and in combination with the indexing feature produced a result beyond that of mere mechanical improvement over existing art. A novel idea was incorporated. While it took mechanical skill to adapt the idea to practical use, and although the mechanics employed may have been obvious, the idea was not. It possessed the "impalpable something which distinguishes invention from simple mechanical skill". *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 71 S.Ct. 127, 129, 95 L.Ed. 162. Here the sinuous blade constituted invention although found in a combination of other elements which were old in the art.

The evidence on the issue of infringement shows that the defendant manufactured and sold two accused devices. The first form of accused device was copied directly from plaintiff Zysset's shredder with only such slight variations as would effect economy in large scale manufacture. Instead of a plurality of holes in the sinuous blade, which defendant used without other change, it attached the blade to the blade carrying rod by the use of slots rather than to project the rod through holes. A "ring" and "sleeve" described in the claims of the patent in suit were made as one part rather than two. No change in functioning or manner of operation resulted.

Infringement is not avoided by making into one part that which has been shown as two where there is no change in the function or manner of operation of the element.

In this connection it was pointed out in *Specialty Equipment & Machinery Corp.* v. *Zell Motor Car Co.*, 4 Cir., 193 F.2d 515, 518:

> "While it is true that the function of a machine is not patentable and that there is infringement only where the same result is reached by substantially the same or similar means, *Westinghouse* v. *Boyden Power Brake Co.*, 170 U.S. 537, 569, 18 S.Ct. 707, 42 L.Ed. 1136, it is also true that one using the substance and essentials of a patented combination does not avoid infringement by varying nonessential details. Neither the joinder of different elements of a patented combination into one, nor the separation of one integral part into two or more doing together substantially what was done by the single element will evade a charge of infringement."

The rule was expressed by this court in *Apex Electrical Mfg. Co.* v. *Maytag Co.*, 7 Cir., 122 F.2d 182, 187 as follows:

> "Patents are not limited to the structure described and shown, but the invention may be embodied in various forms. A transportation or rearrangement of the parts as set forth in a patent is an embodiment of the patented invention and does not avoid infringement unless form, location or sequence is essential to the result or to the novelty of the claims." (Citing authorities.) "Infringement is not avoided by combining two elements of a claim in one part."

In *Royal Typewriter Co.* v. *Remington Rand, Inc.*, 2 Cir., 168 F.2d 691, 693 the court had occasion to observe:

> "• • • courts have with curious unanimity held that it does not avoid infringement to combine into one member that which the patent discloses as two, if the single member performs the duties of both in the same way. The decisions are so numerous that we confine ourselves to citing those which over the past thirty years we have passed ourselves."

The District Court did not err in its conclusion that the first form of defendant's accused device constituted infringement.

The second form of accused structure merely substituted a nylon ratchet clutch for the helical torsion spring clutch described in the Zysset patent. Other features, including the sinuous blade and wiper plate, are those of plaintiffs' device. The clutch in each instance operates to prevent the stem and blade from rotating except in one direction. This permits rotation to reposition the blade only on the last portion of the upward stroke when the chopper blade is no longer in contact with the goods being shredded or chopped. The utilization of a nylon ratchet and multiple pawl type clutch was from the standpoint of function and manner of operation a mechanical equivalent of the Zysset helical torsion spring type clutch. The conclusion of the District Court that the doctrine of "equivalents" applied, and that defendant's second form of device constituted infringement, was correct. In *Kiwi Coders Corporation* v. *Acro Tool & Die Works*, 7 Cir., 250 F.2d 562, 568 this court in applying the doctrine of equivalents stated:

> "As the Supreme Court said in *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 339 U.S. 605, 607, 70 S.Ct. 854, 856, 94 L.Ed. 1097, "• • • to permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing. • • • One who seeks to pirate an invention, like one

who seeks to pirate a copyrighted book, or play, may be expected to introduce minor variations to conceal and shelter the piracy. Outright and forthright duplication is a dull and very rare type of infringement.' In this opinion the Court goes on to point out that the doctrine of equivalents evolved in response to this type of infringement and reiterates (339 U.S. at page 608, 70 S.Ct. at page 856) that 'if two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the same, even though they differ in name, form or shape.'"

We agree with the District Court that the evidence presented on the hearing subsequent to our remand was not such as to require a change in the original conclusions of law and judgment. We have considered the contentions of the defendant relating to file wrapper estoppel, narrow limitations of Zysset's claims, and the various arguments advanced in support thereof. We find them without merit.

The judgment of the District Court is affirmed.

Affirmed.

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Upon Petition for Rehearing

CASTLE, Circuit Judge.

Popeil Brothers, Inc., defendant-appellant, petitions for a rehearing which *inter alia* requests modification so as to order that the District Court be reversed as to its finding and judgment that claim 1 of Zysset's patent 2,782,826 is valid and infringed.

A rehearing is denied. The opinion and order of this Court is modified to show that the judgment of the District Court is reversed as to claim 1 and affirmed as to claim 2 of Zysset patent 2,782,826 and affirmed in all other respects.

## FINDINGS AND CONCLUSIONS OF DISTRICT COURT re WILSON & McCALLAY PATENT

(Caption—Civ. A. No. 57-C-763)

United States District Court
N. D. Illinois, E. D.

Oct. 26, 1961. (199 F.Supp. 594)

PERRY, District Judge.

This action came before the court on defendant's Motion for Mitigation of Damages or for Application of The Rule De Minimis Non Curat Lex after the denial of a motion for leave to file interlocutory appeal, under Section 1292(b), 28 U.S. Code, from the court's order of January 17, 1961, witnesses having been heard in open court and counsel for the respective parties having been heard; and upon full consideration of the record herein and the exhibits offered and received in evidence, the court finds as follows:

1. The Wilson & McCallay patent 207,146 relied upon by defendant has a plurality of separated blades fixed in position on the cutter head spaced so as to cut a long plug of tobacco into pieces of equal size, each piece being of a size for retail sale; whereas the Zysset invention is for a vegetable shredder for the purpose of cutting food into small pieces.

2. The Wilson & McCallay blades reciprocate to come into the same position on each stroke and simply enter the same grooves upon each operation. The Wilson & McCallay device is for cutting a plug of tobacco into pieces of particular size and shape and is comparable

in that respect with a cutting die or a cookie cutter rather than a food shredder. The Wilson & McCallay device will not accomplish its purpose with only a single blade because it will not cut a section of a plug of a predetermined size and shape.

3. In the Zysset food shredder, the food must be confined in a housing so that it will be held in position under the blade for repeated cutting as the blade cuts at a different point on each stroke. The wiper cup of the Zysset invention is designed to rotate with the blade for each new position on each stroke. The Wilson & McCallay patent has no such means since the clearing plates are in fixed position and cannot rotate, and the blades cut at the same point on each stroke.

4. In the Wilson & McCallay machine the blades are moved up and down by rotation of a driving shaft D having a crank pin which reciprocates in a slot to change the direction of movement of the cutter head on which the blades are mounted. The blades or knives remain in any position where they are stopped and do not return until the shaft is operated again. The blades or knives in the Wilson & McCallay device are parallel to each other and that results in the wedging of anything coming between the parallel sides rather than the shredding or chopping in small size of any material to be cut.

5. The Wilson & McCallay device has a series of fixed plates which have no slots but between which plates the blades operate to discharge the cut portions of the plug as they rise into the spaces between the clearing plates. In the Wilson & McCallay patent the clearing plates are fixed in position and cannot be moved or rotated by any movement of the blades, whereas in the Zysset invention the wiper cup is rotatable and as the blade turns from

one cutting position to another it rotates the wiper cup. This fact was demonstrated at the trial.

6. The Wilson & McCallay patent is no more pertinent to the issues herein than other prior art patents considered by the court at the trial, including Suter Swiss patent 155,720, Hanel patent 2,140,100, and Zeller patent 2,623,563.

7. The Wilson & McCallay patent 207,146 is in the same Patent Office classification, namely, Class 146, Subclass 160, as the Zysset patent in suit and has been so classified since 1923. Defendant's expert witness testified that the first place anyone interested in and investigating the patent in suit would search would be the class and subclass of the patent under investigation.

## Conclusions of Law

1. The Wilson & McCallay patent does not disclose an equivalent of the machine of the Zysset patent in suit.

2. The Wilson & McCallay patent does not anticipate the combination of elements claimed in the Zysset patent in suit.

3. The Wilson & McCallay patent does not limit the scope of Claim 2 of the Zysset patent in suit.

4. Claim 2 of the Zysset patent in suit includes as a part thereof all of the elements defined by Claim 1 of the Zysset patent as well as the additional limitations set forth in Claim 2.

5. Plaintiffs are entitled to recovery of costs and attorneys' fees occasioned by defendant's motion.

6. Defendant's Motion for Mitigation of Damages or for Application of the Rule De Minimis Non Curat Lex should be denied.

## FINDINGS, CONCLUSIONS AND JUDGMENT OF DISTRICT COURT re DAMAGES

(N.D. Ill., 134 USPQ 222)

No. 57-C-763 July 13, 1962

PERRY, *District Judge.*

### FINDINGS OF FACT

I. On April 29, 1957 plaintiff Karl Zysset filed his bill of complaint herein charging infringement of United States Letters Patent No. 2,782,826, issued February 26, 1957, by defendant's manufacture and sale of vegetable choppers. By leave of court an amended complaint was filed adding as a party plaintiff New-Nel Kitchen Products Company, exclusive licensee under the patent in suit. Prior to the trial in July 1958, defendant manufactured and sold a modified form of vegetable chopper having a nylon ratchet clutch in lieu of the spring clutch embodied in the original form. After a full trial, in Findings of Fact and Conclusions of Law and Judgement filed and entered by the court on October 3, 1958 the court found both forms of defendant's device to constitute infringements of claims 1 and 2 of the Zysset patent in suit. In the Findings of Fact entered by Judge Perry on October 3, 1958 it is stated, "The court finds that the defendant deliberately copied the invention of the patent in suit without authority." (167 F.Supp. 362, 119 USPQ 116) An Order was entered by the court on October 8, 1958 deferring the disposition of the issues of defendant's additional counterclaim relating to alleged unfair competition and breach of contract. The Judgment of the court provided for the recovery of damages and the profits and gains which the defendant made as a result of its infringement, and the court held that the plaintiffs were entitled to recover their costs and disbursements to be determined by the court at the time of determination of

the matter of damages and profits to be awarded to plaintiffs. Defendant filed its Notice of Appeal on October 8, 1958.

On October 27, 1958 New-Nel Kitchen Products Company, party plaintiff herein, as exclusive licensee under the Zysset patent in suit, brought an action in the United States District Court, Northern District of Illinois, Eastern Division, for infringement of said patent against F. W. Woolworth & Company (58-C-1916) based upon the sale of various forms of vegetable choppers made by different manufacturers; and on November 5, 1958 defendant moved in the instant case for a temporary restraining order against the prosecution of said suit, which motion was heard by the court and denied on November 21, 1958. The Findings of Fact, Conclusions of Law and Order thereon herein recited that defendant's petition for temporary restraining order was without equity and that plaintiffs were entitled to recover their costs to be determined at final hearing. (119 USPQ 346, 168 F.Supp. 372)

In the appeal from the Judgment of October 3, 1958, Appeal No. 12,492, upon affidavits of counsel, extensions of time for the filing of appellant's brief were granted to February 12, 1959; but on that date defendant filed, in the United States Court of Appeals for the Seventh Circuit, its motion to remand for consideration of new evidence, namely a patent issued to Samuel J. Popeil on February 10, 1959, No. 2,872,958. The Court of Appeals ruled that the motion to remand be continued for a period of sixty days from February 26, 1959 pending the filing in the District Court of the motion for the consideration of the alleged new evidence. On March 5, 1959 defendant filed its Motion for Relief from Judgment based upon the newly issued Popeil patent. Thereafter,

upon evidence heard in open court, the District Court filed its certificate in the Court of Appeals on April 24, 1959, whereupon the Court of Appeals, on April 28, 1959, ordered the case remanded to the District Court to consider new evidence brought into existence by the issuance of Popeil patent 2,872,958 on February 10, 1959. On July 8, 1959 the District Court filed and entered its Findings of Fact and Conclusions of Law and Order denying defendant's motions for relief from judgment and to consider new evidence. The order held "That no new evidence has been presented to the court which in any way changes its Findings of Fact, Conclusions of Law and Judgment entered in this cause on October 3, 1958." (122 USPQ 128) and provided that plaintiffs are entitled to recover their costs of the proceeding and an allowance for their expenses incurred herein, to be subsequently determined by the court along with other questions of damages, profits, costs and recoveries. Supersedeas bond was fixed in the sum of $5,000.00. On July 13, 1959 defendant filed its Notice of Appeal from the additional Findings of Fact, Conclusions of Law and Order of July 8, 1959, and reinstated its appeal from the Judgment of October 3, 1958 as amended by the Order of October 8, 1958, Appeal No. 12,492. The new appeal to the United States Court of Appeals for the Seventh Circuit numbered 12,753. Appeals Nos. 12,492 and 12,753 were consolidated by the Court of Appeals Order dated September 10, 1959. Said appeals were heard and, on February 11, 1960, the opinion the Court of Appeals was filed finding claims 1 and 2 of the Zysset patent in suit valid and infringed. (276 F.2d 354; 124 USPQ 250.) Thereafter defendant filed its Petition for Rehearing, and, on April 14, 1960, the Court of Appeals denied the Petition for Rehearing but ordered that its judgment be modified to show that the judgment of the District Court is re-

versed as to claim 4 of the Zysset patent in suit and affirmed as to claim 2 and in all other respects. (125 USPQ 152) Thereafter defendant filed its petition in the United States Supreme Court for certiorari to the Court of Appeals for the Seventh Circuit and said petition was denied on October 10, 1960. (364 U.S. 827; 127 USPQ 555)

The decrees of the Court of Appeals having been filed in the District Court on May 18, 1960, the District Court, on May 24, 1960, entered an order reading as follows:

> The Judgment and Order, dated October 3, 1958 and July 3, 1959, respectively, having been reviewed by the Court of Appeals, and the supersedeas granted October 8, 1958 having been vacated; it is,
>
> Ordered:
>
> That all of defendant's books, statements, exhibits, records, vouchers and other documents relating to the above matters, shall be kept intact by the defendant and remain in its possession ready to be produced upon further order.
>
> That defendant be enjoined from disposing of, or wasting or improperly disposing of, any of its assets without order of the court except for such disbursements and expenditures other than cash as are necessary to carry on its normal and ordinary course of business.

On June 30, 1960 the District Court entered an Order pursuant to the opinion of the Court of Appeals dated April 14, 1960 finding claim 1 of the Zysset patent in suit, No. 2,782,826, invalid.

II. On October 18, 1960, District Court entered an Order in the accounting proceeding directing defendant to file a statement of account setting forth the quantity of vegetable shredders found to infringe which defendant had sold, the prices received therefor, and the items of

cost claimed by the defendant. On December 6, 1960, defendant served its statement of account which has been received in evidence herein as Plaintiffs' Exhibit 101.

III. On January 5, 1961 defendant filed its Motion for Mitigation of Damages or for Application of the Rule *De Minimis Non Curat Lex*, and on January 17, 1961 the District Court denied the said motion without adjudication of the merits thereof and also entered an order for an interlocutory appeal from the denial of said motion. The defendant thereupon filed its petition for allowance of an interlocutory appeal under 28 U.S.C.A. 1292(b), and on February 28, 1961 the Court of Appeals denied the said petition. Thereupon defendant renewed its motion to limit damages and the matter was set for the reception of evidence as to United States patent 207,146 issued to Wilson and McCallay and the bearing thereof upon the issues herein, and the testimony in the accounting proceeding was stayed pending the further order of the court. Thereafter evidence in open court was heard and, on September 19, 1961, defendant's Motion for Mitigation of Damages or for Application of the Rule *De Minimis Non Curat Lex* was denied and costs and attorneys' fees occasioned by defendant's motion were assessed in favor of plaintiffs and against defendant, and Findings of Fact and Conclusions of Law were filed and entered in support of said Order. Thereupon defendant moved to vacate the said Findings of Fact and Conclusions of Law entered on September 19, 1961, or in the alternative to amend and modify the same. On October 25, 1961 the District Court entered a new Order and new Findings of Fact and Conclusions of Law in support thereof providing that defendant's motion for mitigation of damages be denied and that costs and attorneys' fees occasioned by defendant's motion be assessed in favor of plaintiffs

and against defendant. (131 USPQ 178) The court required a $10,000.00 bond to insure the payment of plaintiffs' costs and attorneys' fees, and defendant deposited government bonds in that amount with the Clerk of this Court. On November 13, 1961 defendant appealed from the Order of October 25, 1961 to the Court of Appeals for the Seventh Circuit, Appeal No. 13,593. Plaintiffs moved to dismiss the appeal and, on January 31, 1962, the motion was granted at costs of Popeil.

IV. Testimony in the accounting proceeding comprised the following depositions:

| Witness | Date | Exhibit No. |
|---|---|---|
| Philip Rootberg | 1/12/61 | PX 102-a |
| Samuel J. Popeil | 1/12/61 | PX 102-b |
| Philip Rootberg | 1/19/61 | PX 102-c |
| Philip Rootberg | 3/16/61 | PX 102-d |
| Philip Rootberg | 11/15/61 | PX 102-e |
| Samuel J. Popeil | 11/29/61 | PX 102-f |
| Samuel J. Popeil | 11/15/61 | PX 102-g |

and testimony before the court on February 21, May 8, May 14, May 15, and May 18, 1962.

Arthur O. Nelson and Roy H. Olson testified in behalf of plaintiffs, and Harold Newman and Arthur O. Nelson, counter defendants, were called by defendant, and Messrs. Stanley Hoods, Samuel J. Popeil, John D. Rumbough, and Lawrence C. Kingsland testified in behalf of defendant.

V. The character of the Zysset invention is set forth in the Findings of Fact and Conclusions of Law entered by the District Court on October 3, 1958 and the opinion of the Court of Appeals filed February 11, 1960. As pointed out above, claim 1 of the Zysset patent in suit was found invalid by the Court of Appeals on April 14 1960 but the Judgment of this court, entered on October

3, 1958, was affirmed in all other respects. Therefore, both forms of defendant's devices have been held to be infringements as set forth in the Judgment of October 3, 1958.

VI. Prior to the manufacture and sale of vegetable choppers by the defendant, plaintiff Karl Zysset had manufactured and sold, in this country and in Europe, vegetable choppers embodying the patented invention.

VII. The defendant purchased a sample of Zysset's vegetable chopper, took it apart, examined it, and copied it, as fully established in the record at the trial and in testimony at the accounting proceeding.

VIII. Prior to the issuance of the Zysset patent in suit on February 26, 1957, the defendant Popeil carried on negotiations for the purchase of Zysset choppers which were made by the patentee in Switzerland or for a license under the patent which defendant was informed was about to be granted. Such negotiations commenced in about February 1956 but included a statement by Popeil's attorney that Popeil intended to continue to make the CHOP-O-MATIC devices complained of herein without authority from Zysset.

IX. After it had been found by the Court on October 3, 1958 that defendant had infringed the patent in suit, defendant continued to manufacture and sell its infringing vegetable choppers without change until February 12, 1960.

X. Subsequent to the decision of the Court of Appeals Popeil continued in the vegetable chopper business, manufacturing and selling choppers having the same outside appearance as those enjoined by the court but being modified internally to omit the rotation feature and the wiper cup. For these Popeil continued to use the dies and molds previously employed in the manufacture of

choppers but, at a later time, some of the dies and molds were modified and other changes were made. Mr. Popeil testified that 1,275,000 choppers without automatic rotation and without wiper cups were made and sold by his company.

XI. Arthur O. Nelson and his associate Harold Newman visited Karl Zysset in Switzerland and negotiated the license agreement which has been identified as Plaintiffs' Exhibit 4. It provided for a license for the manufacture and sale of the patented invention upon the following terms:

> For the first year commencing May 15, 1958: Swiss francs—.45 per vegetable shredder on a minimum of 200,000 devices;
>
> For subsequent years, after May 15, 1959: Swiss francs—.45 per device for the first 100,000; Swiss francs—.35 per device for each device in excess of 100,000; Swiss francs—.30 per device for each device exceeding 300,000.
>
> Licensees agree to pay a royalty on a minimum 200,000 vegetable shredders annually commencing May 15, 1958, but Licensor agrees to reduce the 200,000 minimum after May 15, 1961, if Licensees are unable to maintain it. It is understood and agreed that if Licensees are unable to manufacture and sell the minimum of 200,000 devices due to an act of God or other reason beyond their control, upon which proof can be and is supplied by Licensees, Licensees will be relieved of the minimum number requirement and in such case only the devices actually manufactured and sold shall be subject to royalty payment to Licensor.
>
> (A Swiss franc had a value of 23.1c United States currency.)

The License Agreement dated April 2, 1957 (Plaintiffs' Exhibit 4) has not been modified and is in full force and effect. New-Nel Kitchen Products Company has not made final settlement for the royalties accruing since May 15, 1958 but, in addition to the $21,000.00 originally paid, has incurred its attorneys' fees and disbursements in this case amounting to $21,928.26 (up to May 1, 1962) with the expectation of applying them on any unpaid royalties upon the conclusion of this litigation. (That amount does not include Zysset's litigation expense.)

New-Nel manufactured and sold approximately 238,619 of the patented food choppers from the time it started in business after the License Agreement (Plaintiffs' Exhibit 4) dated April 2, 1957 was entered into, until May 15, 1958 which was the end of the period covered by the first royalty payment of $21,000.00 as required by the License Agreement. From May 15, 1958 to February 15, 1962 New-Nel manufactured and sold 289,945 of the patented food choppers.

During the infringing period New-Nel had a capacity for making and selling the patented food choppers of from 2500 to 3000 devices per day, working one shift. With additional shifts, and the acquisition of additional facilities, if needed, New-Nel had ample capacity for the manufacture and sale of the infringing choppers made and sold by the defendant, *i.e.*, 3,152,578 between February 26, 1957 and February 12, 1960.

XII. During the taking of the testimony before the court there were offered and received in evidence the following exhibits. . . .

XIII. The defendant's Statement of Account (Plaintiffs' Exhibit 101) reports the manufacture and sale of 3,152,578 of the infringing food choppers. The amount of

the sales reported is $2,981,464.76. After making certain deductions as set forth in said Statement, defendant reports net profits before income tax of $455,293.01. Plaintiffs accept the defendant's statement of net profit before income tax of $455,293.01 except that plaintiffs object to the deduction from defendant's profits of $42,830.59 for expense of this litigation which is part of the item of "General and Administrative $615,061.32" given in said statement and referred to in the testimony of defendant's accountant Philip Rootberg on November 15, 1961 at page 128 (Plaintiffs' Exhibit 102-e), and excepting also the deduction from defendant's profit of the sum of $109,192.44 which represents defendant's officers' compensation allocated to the infringing products and which amount is part of the item "General and Administrative $615,061.32" given in said statement and as referred to in the testimony of defendant's accountant Philip Rootberg on November 15, 1961 at pages 104, 105, 110 and 125 and in his letter of March 1, 1960 (1961) (Plaintiffs' Exhibit 104), and excepting also the defendant's deduction of the loss as set forth in Plaintiffs' Exhibit 105 in the amount of $29,356.08.

The court allows the aforesaid deductions and finds the net profits before income tax assessment to be $455,293.01.

XIV. Roy H. Olson, Chicago patent attorney, whose qualifications were not questioned, testified as an expert in behalf of plaintiffs as to a reasonable royalty pursuant to Section 284 of Title 35 U. S. Code. Mr. Olson testified a reasonable royalty for the manufacture and sale of the patented device, and as manufactured and sold by the defendant and found to be infringements herein, would be not less than 10¢ per unit.

XV. Defendant called as a witness Stanley Hoods, house patent attorney for Ekco Products Company of

Chicago, manufacturer of household items, who testified that the average royalty paid or collected by his company for various household items was from 2.5% to 5% of selling prices. Mr. Hoods admitted, however, that the patents he had under consideration in his testimony included design patents and no statistics were given as to the percentage of design or mechanical patents or whether they had been adjudicated as valid and infringed as in the instant suit. Mr. Hoods testified that his company has no standard practice as to royalties which it charges or which it pays. The company evaluates each license on the facts pertaining to a particular case. He testified that an exclusive license calls for a royalty fee which is higher than for a non-exclusive license and where licensor is to have competition, a higher fee is required. In one case where Mr. Hoods' company paid a 5% royalty the patent in suit was subsequently found to be invalid and the license in that case was nonexclusive. Mr. Hoods testified that as long as there is a valid claim remaining in a patent the royalty is ordinarily continued even though some claims might be found invalid.

XVI. Defendant also called as a witness John D. Rumbough who testified that he was a former vice-president of The Enterprise Manufacturing Co. of Philadelphia, Pennsylvania, and, as such, negotiated a license under Zeller patent 2,623,563 for the manufacture and sale of an onion chopper known as the Swiss House which was in evidence at the trial of this cause and identified as Plaintiffs' Exhibit 25. Mr. Rumbough testified that the Swiss House chopper is no longer manufactured but during the term of the license and royalty was 2c per device which sold at $7.98 each less 50%. The license agreement under which Enterprise Manufacturing Co. operated was identified as Defendant's Exhibit 117 and it showed, among other things, that it included Canada as well as the United

States; and also Mr. Rumbough testified that the Zeller patent had not been adjudicated. Also the licensor sold to Enterprise $20,000.00 worth of inventory and equipment which was to be paid for by licensee by an additional royalty of 8¢ per device and not less than $2,000.00 per year. Failure to pay was cause for cancellation of the license. In addition Enterprise was to assume licensee's contracts for the purchase of parts and cartons as set forth in the written agreement, Defendant's Exhibit 117. Licensor agreed to supply to licensee, without cost or charge, certain art work, cuts, mats, electrotype and all advertising and publicity material relating to the food chopper as set forth in Paragraph 14. These and other variations are apparent from the written agreement, so that the Enterprise license is not helpful in determining a reasonable royalty in the instant case.

XVII. Samuel J. Popeil, president of defendant company, identified his patent 2,595,912 and a doughnut maker made of plastic by his company under said patent. The patent was never adjudicated. He identified a license agreement (Defendant's Exhibit 113) permitting D.R.M. Corporation to make doughnut makers of metal for a royalty of 2¢ per device. There is nothing in the agreement about the price of licensee's doughnut makers and Popeil retained for itself the right to make doughnut makers of plastic which sold for 47½¢ each.

XVIII. Lawrence C. Kingsland, former Commissioner of Patents, testified that a reasonable royalty under the Zysset patent claim 2 would be 1¼¢ per chopper. He stated that he based this opinion upon the testimony of Mr. Hoods which, as he heard it, was to the effect that 2½% on devices of this character would be reasonable.

Commissioner Kingsland's qualifications, experience and standing in the patent field were made a part of the record

and are unchallenged. The court attached much greater weight to his testimony than to that of the other witnesses. His opinion of a fair royalty, together with all of the facts and circumstances known to the courts in this cause, has brought this court to the ultimate conclusion that a fair royalty payment in this case is 4¢ for each of the 3,152,578 accused units sold by defendant.

XIX. An award to plaintiffs based only upon a reasonable royalty would be in conformity with the law. An award to plaintiffs based on reasonable royalty would, together with attorney's fees, be adequate compensation for defendant's infringement of the patent in suit, taking all things into consideration.

XX. When sold as retail shelf merchandise, without aid of a "sales pitch" or demonstration as Popeil did, plaintiff Zysset's commercial food chopper was not a commercial success in the United States. Only 3,883 units were shipped by plaintiff Zysset for sale in the United States during the six-year period from 1952 through 1957.

XXI. On June 12, 1958 defendant filed a counterclaim which charges plaintiffs Karl Zysset and New-Nel Kitchen Products Company, and, in addition, Arthur O. Nelson, individually and doing business as Crestline Products or Crestline Company; Harold Newman; and Crestline Products Company, a corporation; with breach of an alleged oral contract and unfair competition in connection with defendant's food chopper. Defendant, in that counterclaim, also alleged that it owned a trademark CHOP-O-MATIC and that the trademark is the subject matter of United States Trademark Registration No. 656,075. Additionally, defendant alleged that it owned unpublished manuscripts protected by United States Copyright Registrations Nos. C-9560, C-9637 and C-10296.

XXII. The contract which defendant alleges Nelson entered into with it was an alleged oral agreement relative to the sale by Nelson of Popeil's CHOP-O-MATIC devices. Nelson testified that there was a discussion about a proposed agreement to be submitted to him in writing. Several months after that discussion, and after Popeil submitted a proposed written agreement dated December 28, 1956 which contained several provisions never previously discussed between Nelson or anyone on his behalf, and Popeil Brothers. Nelson never signed or accepted the proposed agreement. Defendant was unable to produce any notes made at the meeting between Popeil and Nelson relative to the contents of the proposed written agreement. Mr. Popeil testified that there was no proposed agreement with Harold Newman or New-Nel Kitchen Products Company. The proposed agreement required Nelson, who was doing business under the name of Crestline Products, not to sell any competing choppers for a period of five years. Such provision would be in violation of the antitrust laws. Another of the provisions of the agreement was that it was to last five years. At the trial Popeil testified that the five-year period was to start at the time Nelson first started to sell Popeil's CHOP-O-MATIC devices in the summer of 1956; but, in a deposition previously taken, he testified that the five-year period was to start on December 28, 1956, which is the date of the proposed written agreement. The proposed agreement contained several other provisions which Nelson testified were not acceptable to him at the time he first saw the proposed agreement of December 28, 1956. Testimony was taken relative to the alleged oral agreement between Popeil Brothers and Arthur O. Nelson, doing business as Crestline Products, but, the evidence does not satisfy this court that there was any agreement of the nature charged by defendant entered at any time between

Popeil Brothers, on the one hand, and Arthur O. Nelson, individually or doing business as Crestline Products Co., on the other hand.

XXIII. No evidence was introduced which shows in any way that Arthur O. Nelson or any of the counter-defendants ever used, infringed, traded upon, disparaged or in any other way committed any act in violation of the rights anyone, including Popeil Brothers, may have in the name or trademark CHOP-O-MATIC. The evidence adduced does not establish that Popeil Brothers is the owner of Trademark Registration No. 656,075, a registration for CHOP-O-MATIC.

XXIV. No evidence was introduced to show that Nelson or any of the other counter-defendants ever used, copied, infringed or in any other way appropriated, any part of, or the whole of, any of the manuscripts corresponding to United States Copyright Registrations C-9560, C-9637 and C-10296.

XXV. The fact that Arthur O. Nelson may have had access to the copyrighted manuscripts and that one or two salesmen who purchased food choppers from Crestline Products observed a demonstration by Samuel Popeil or one occasion, and perhaps observed demonstrations of food choppers by persons selling CHOP-O-MATIC food choppers on other occasions, is insufficient to establish, and does not satisfy this court, that Arthur O. Nelson or any one of the other counter-defendants used that copyrighted material, or copied that copyrighted material either in verbal or in written form. In fact, the only direct testimony introduced by defendant Popeil Brothers on that point was through Mr. Samuel Popeil and he testified that no information ever came to him which indicated that Mr. Nelson or anyone working for Mr. Nelson,

or on behalf of Mr. Nelson ever made any use of the copyrighted manuscripts and that Mr. Popeil had no way of knowing whether Nelson had ever distributed such manuscripts or encouraged their use.

XXVI. In 1956 Popeil paid Crestline 10¢ on CHOP-O-MATIC choppers purchased by Crestline customers. Mr. Nelson testified that at the time Crestline was purchasing CHOP-O-MATIC's from Popeil it paid a price of $1.00 each and that Popeil said that in the event any of Crestline's customers ordered directly from Popeil, Crestline would be credited 10¢ per device, and to cover this Popeil would charge such customers $1.10 for each device. It appears from the testimony that the total credits in such matters amounted to several hundred dollars (no more than several thousand choppers); that the credits were given for sales prior to the issuance of the Zysset patent; and that the sales for which credits were given were not included in the infringing sales reported in the Popeil Statement of Account.

XXVII. There was no evidence introduced whatever as to the existence of any contract, or breach thereof, between Popeil and Karl Zysset, Popeil and New Nel Kitchen Products Company, Popeil and Harold Newman, and Popeil and Crestline Products Company, a corporation; and there was no evidence introduced in support of Popeil's charge of unfair competition by any of the counter-defendants disparaging Popeil Brothers' food choppers. It appears from the evidence that Mr. Samuel Popeil and Mr. Arthur O. Nelson discussed a contract, but that no contract was ever completed between Popeil Brothers and Arthur O. Nelson.

XXVIII. No evidence was introduced on the part of counter-defendants relating to damages which they might

have suffered as a result of the alleged acts of unfair competition, as a result of the acts and practices alleged to be in violation of defendant's purported copyright and trademark rights, and as a result of counter-defendant's purported breach of contract.

XXIX. On July 12, 1960 there was filed in the United States Patent Office a disclaimer, identified as Plaintiffs' Exhibit 109, of claim 1 of Zysset patent in suit 2,782,826 of February 26, 1957.

XXX. On May 18, 1962 defendant filed a motion to dismiss based on the plaintiffs' disclaimer identified as Plaintiffs' Exhibit 109.

XXXI. The parties have stipulated as to the reasonableness of the fees incurred by the plaintiffs herein as set forth in Plaintiffs' Exhibit 108. The court finds the services and disbursements reasonable under the circumstances of this case. The fair value of attorneys' fees so stipulated between the parties is $54,222.26, which are hereby found to be due and payable by the defendant to the plaintiff. (It is noteworthy to add that plaintiff (sic, should be defendant), has been allowed $42,830.59 for its attorneys' fees and disbursements.)

XXXII. The court finds that this is one of those rare cases in which an infringement has been a blessing in disguise; that only the skill, salesmanship and business acumen of defendant and its principal officer, Samuel Popeil, has brought a financial reward to the plaintiff in the form of a fortuitous windfall if this judgment is finally collected. The defendant did get legal counsel before acting in this case and that counsel was to the effect that plaintiff's patent was invalid.

For all the reasons herein set forth, the court does not allow any exemplary damages to the plaintiff. The court takes judicial notice of the fact that the defendant did

not in fact retain the whole amount of net profit, $455,293.01; that it is a corporation subject to corporate taxes which reduced the amount accordingly.

XXXIII. Plaintiffs are entitled to a judgment against defendant in the amount of One Hundred Twenty-six Thousand, One Hundred Three and 12/100 Dollars ($126,103.12) as damages for the infringement complained of and as set forth in the Judgment of October 3, 1958, as affirmed by the Court of Appeals on February 11, 1960, and as modified by the Court of Appeals on April 14, 1960, plus an additional sum of Fifty-four Thousand, Two Hundred Twenty-two and 26/100 Dollars ($54,222.26) for services and disbursements of plaintiffs' counsel, plus an additional amount of Two Thousand Dollars ($2,000.00) covering services and disbursements of plaintiffs' counsel since January 31, 1962. Plaintiffs are also entitled to taxable court costs to be fixed by the Clerk.

## Conclusions of Law

1. As to an accounting in a patent infringement suit, the applicable statute relating to damages reads (35 U.S.C. 284):

> "Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.
>
> When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.
>
> The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances."

2. It is well established that a patent owner in a patent infringement action is entitled to recover the profits which the infringer has made by reason of his infringement. The defendant's costs of litigation, income taxes and salaries of officers in a closely held corporation are not properly deductible in arriving at the net profits to which the patentee is entitled. The court is required to make an award to the patent owner not less than a reasonable royalty for the use of the patented invention. The court has received expert testimony as an aid to the determination of damages as to the amount of a reasonable royalty under the circumstances in this case.

A reasonable royalty for the right to manufacture and sell vegetable choppers of the patent in suit during the period from February 26, 1957 to February 11, 1960 would be not less than 10¢ per device.

3. A manufacturer who continues to manufacture a patented device with knowledge of the patent but without a license does not have the right to demand, after having been held to infringe, that the measure of damages for his infringement is the amount which would have been a reasonable royalty for a license over the period of his infringement. The reasonable royalty referred to in the statute is not a limit to the amount of recoveries for infringement but is a lower limit which must be in any event awarded to the patent owner if there are not other satisfactory proofs of profits and damages resulting from the infringement. In this case, there is satisfactory evidence of the profits and gains which defendant made from its infringement and, under the evidence, the award to plaintiffs herein should not be limited to a reasonable royalty.

4. Defendant, in its counterclaim, charges plaintiffs with breach of contract and unfair competition arising

by reason of an alleged agreement between defendant, Popeil Brothers, Inc.; and Arthur O. Nelson, individually and doing business as Crestline Products. The defendant also charges counter-defendants with the commission of acts in violation of its alleged trademark rights and copyright rights. As far as Karl Zysset, New-Nel Kitchen Products Company and Harold Newman are concerned, there is no evidence which connects them with the alleged contract, with the alleged breach of contract, with any acts of unfair competition, or with any violation of copyright or trademark rights belonging to Popeil Brothers. No evidence as to damages was introduced by Popeil Brothers. Defendant's counterclaim as to Karl Zysset, New-Nel Kitchen Products Company and Harold Newman is dismissed.

5. In so far as Arthur O. Nelson, individually or in an business form including Crestline Products Company, a corporation, is concerned, the most that appears from the evidence, even looking at it most favorably to defendant, is that Nelson and Popeil Brothers discussed a contract which was to be reduced to writing by Popeil Brothers and that, without discussion with Nelson, Samuel Popeil and his attorney prepared a proposed agreement which included provisions which had not been discussed with Nelson and which, when submitted to Nelson, Nelson refused to execute. There was no contract of the character, alleged by defendant in its complaint, entered into between Popeil Brothers and Arthur O. Nelson, individually or in any business form. Nelson's refusal to execute the proposed agreement of December 28, 1956 was not an act of unfair competition, neither has defendant proved that Arthur O. Nelson, individually or in any business form, has in any way unfairly competed with defendant. Even if there were a contract, as alleged by defendant,

since that contract was to last for a term of five years, and since it was not in writing and is unsupported by any memorandum, it is unenforceable because of the Statute of Frauds. Furthermore, there is no evidence which supports defendant's charge that Arthur O. Nelson, or anyone on his behalf, made any use of defendant's trademark or copyrights, or in any way violated whatever rights and interests Popeil Brothers may have in the trademark CHOP-O-MATIC, and in Copyright Registrations Nos. C-9560, C-9637 and C-10296. As such, defendant's counterclaim should be dismissed as to Arthur O. Nelson, individually, and doing business as Crestline Products, or Crestline Products Company, a corporation.

6. The disclaimer filed by plaintiffs and identified as Plaintiffs' Exhibit 109 is a good and sufficient disclaimer under Section 253 of Title 35 U.S.C., and defendant's motion to dismiss based thereon should be denied.

JUDGMENT

Upon the record and proceedings, it is

Ordered:

1. That defendant's counterclaim be, and the same hereby is dismissed.

2. That defendant's motion to dismiss based upon the disclaimer be, and the same hereby is denied.

3. That plaintiffs have judgment in the sum of $126,103.12 as damages and $56,222.26 for services and disbursements of plaintiffs' counsel; making a total judgment of $182,325.38.

It is also ordered:

That the Clerk of this court tax plaintiffs' taxable costs and that the plaintiffs have judgment therefor.

## ORDER OF DISTRICT COURT DENYING RELIEF FROM JUDGMENT

(Caption—Civil Action No. 57 C 763)

ORDER

This cause having come on to be heard before the Court upon defendant's Motion for Relief from Judgment Under Rule 60(b) and to hear alleged newly discovered evidence, and plaintiffs' objecting to the filing of said Motion and counsel having been heard and it appearing to the Court that the evidence alleged in said petition to be newly discovered even if timely presented with exercise of due diligence is not of such nature as to change the Judgment herein:

Now, therefore, It Is Ordered:

1. That said Motion and the filing thereof be and hereby is denied and refused. The question of costs and allowance for attorney's fees is reserved.

s/ J. S. Perry
Judge

November 13, 1962

EXCERPTS FROM TESTIMONY OF LAWRENCE C. KINGSLAND. (Taken from Consolidated Additional Appendix appearing in formal record. Side paging here is to pages of Consolidated Additional Appendix.)

13b My name is Lawrence C. Kingsland. I reside in St. Louis, Missouri.

14b I have engaged in the practice of patent and trademark law since 1908. I was Commissioner of Patents from September 1947 through the year 1949. I have also acted as special assistant to the Attorney General in charge of antitrust matters in which I had the re-

sponsibility for the patent questions. I have had other
15b assignments, one of which was through the State Department. I spent, in 1947, three months at Manila at the time the Philippine government was anxious to have a patent and trademark code drafted, and on the recommendation of the State Department I acted as adviser to the Philippine government. I am a member of the Patent Compensation Board of the Atomic Energy Commission.

24b Q. How does the rotation of the blade [of the patent in suit] relate to the wiping function of the blade as it passes through the slot of the wiper cup?

A. So far as the wiping function is concerned, whether or not it is rotatable makes no difference
25b whatsoever. That is, the function of the blade, the single sinuous blade, operating in the slot would perform that function just as effectively whether it was rotating or whether it wasn't rotating.

Q. Does this lack of relationship between the wiping function and the rotation function have any term in patent nomenclature?

A. Yes. We often refer to that as aggregative, and it certainly—where the function of the blades and its wiping function in the wiping plate is concerned, that's entirely separate as to whether or not the blade and plate rotate, and it's also of course very definitely separated from the subject matter as I see it in Claim 1.

Q. Do the structure and function of blade-wiping cause the indexing features of claim 1 to perform any new function in the combination?

A. There's no relationship between the function attributed to the blade operating in the slot, a sinuous blade or a zigzag blade, whichever one wants to call it,

that is an entirely independent functional relationship between those members, that has nothing to do whatsoever with whether or not they rotate in a particular way, that is, by indexing or whether they rotate freely by manual movement.

• • •

Q. Do you have any knowledge as to what the Patent Office examining practice is as to dependent claims?

26b • • • A. Well, to this extent: Where there is a dependent claim the practice is to examine for the basic subject matter expressed in the antecedent or base claim. Finding that allowable, it is the practice to allow dependent claims, because the dependent claim carries over into it all of the base claims, and therefore the examiners look at a dependent claim as merely a further limitation on the subject matter of the base claim.

• • •

Q. How do you know this?

A. I know this from my practice of over fifty years, prosecuting applications. I know it from discussions in the Patent Office, and I also know it from the decisions. It's just a— It's a well understood practice.

Q. Have you ever in your experience encountered a rejection of a dependent claim once the base claim has been allowed

A. No, because they are considered together, as I have explained. Once the base claim is allowable in the judgment of the Patent Office the dependent claim is carried along without any further discussion, and no rejection have I ever had of a dependent claim where the original claim was allowable.

Q. With respect to that customary practice I would like to ask you as to whether or not the practice was

followed in the prosecution of the Zysset patent in allowing claim 2, and I will ask you first, have you checked the Zysset file wrapper with respect to the subject matter expressing claim 2?

A. Yes, I think I said that, as to what I had done and I have checked it.

Q. Is there anything that has been stated in that file wrapper with respect to the subject matter of claim 2?

27b A. Yes, there was a— Originally, as I recall it, there were certain claims submitted which included among them the subject matter of what ultimately became claim 2. That is, it was directed to this continuous sinuous knife and the clearance—or cleaning-plate, wiper plate, with a sinuous slot in it, and that was claimed, and my recollection is that the Patent Office, the examiner at the time said that that in itself was not patentable subject matter.

Q. With respect to your last statement I would like to read to you from Plaintiffs' Exhibit 3, the file wrapper of the Zysset patent in suit:

* * *

* * * "The addition of a wiper or means to clear the blade or handle on the upward stroke thereof is held to be an obvious expedient which does not involve invention."

Is that the statement to which you had reference?

* * * *

Mr. Horton: I object, that this examination as to the file wrapper and the scope and interpretation of the claim is a matter which is not before your Honor and which cannot be before your Honor, in view of the mandate of the Court of Appeals, and it's strictly a question as to what the Wilson and McAllay patent

is, whether that is truly newly discovered evidence and whether that affects the judgment.

The Court: Well, I believe, Mr. Horton, if that is admissible, however, evidence on that, I think then they would be allowed to ask questions comparing the two patents. I think I will have to let it in. Objection overruled.

A. That was the statement that I had in mind, and simply illustrates, as I believe, what I understand to be the practice. In other words, later on I think you will find in that file wrapper after the examiner came
28b to the conclusion that what ultimately became claim 1 of the patent was allowable, then this same subject matter, which became subject matter of claim 2, was simply allowed as a matter of course, which followed the practice that I attempted to elucidate a few minutes ago.

The Court: Well, is it your testimony that they didn't thoroughly examine 2 but just allowed it to go in? Is that your opinion?

The Witness: No, I don't think it's a question of fairness at all. I think that the whole matter is this:—

The Court: I didn't mean fairness. I mean after they had allowed 1 to go in then, as I understand it, 2, being a dependent claim in your viewpoint, they didn't really examine into 2 because they thought it wasn't necessary. Is that what you mean?

The Witness: Well, what I mean is this: They don't go to the prior art after they have found that there is allowable subject matter and then a dependent claim is added, because the dependent claim tends to narrow subject matter which they have already found to be allowable.

**(Exhibits From The Record Below)**

---

PORTION OF PLAINTIFFS' EXHIBIT 3—
FILE WRAPPER OF PATENT IN SUIT

Claims of Original Application

415628—4

—5— 6048

What I claim as new and desire to secure by Letters Patent, is:

---

~~1. In a vegetable shredder comprising a bell-like housing adapted to be put over the goods to be shredded, and cutting means manually depressable by a spring-loaded actuating stem, said cutting means on each actuation being angularly movable by an automatically operating indexing device, the improvement defined by the provision of a socket in the upper portion of said housing, said socket having a plurality of internal helical grooves, and of a checking member mounted on the lower end portion of said stem, said checking member comprising two cam-engageable in~~

*Plaintiffs' Exhibit No. 3.*

~~said grooves and spring means adapted to prevent the cutting means from rotating when depressing said stem but allowing same to rotate in the last stage of its upward movement.~~

~~2. A vegetable shredder as set out in claim 1, in which the checking member comprises a sleeve rotatably but axially immovably mounted on the stem, the cams being formed integrally on said sleeve, and a helical torsion spring coiled about the stem, one end of said spring being anchored in said sleeve so that the spring is detached from the stem on depression thereof and frictionally engaged thereto on the upward stroke thereof in order to angularly rotate the stem and the cutting means carried thereby.~~

A

~~3. A vegetable shredder as set out in claim 1, in which housing is constituted of two interconnectable portions, and comprising a wiper rotatably but axially immovably mounted in the housing.~~

~~4. A vegetable shredder as set out in claim 3, in which the cutting means is a meander steel strip which passes through a continuous slot of said wiper.~~

415628—5

—6—

~~5. A vegetable shredder as set out in claim 4, in which a rod is secured to the lower end of the stem at right angles thereto, said rod passing in tight fit through a plurality of openings in said strip.~~

A

Insert A[1]

415628—6

*Plaintiffs' Exhibit No. 3.*

Paper No. 3

**Address only The Commissioner of Patents, Washington 25, D. C.**

**All communications respecting this application should give the serial number, date of filing, and name of the applicant.**

(Stamp) Mailed Oct 26 1954 Pat. Div. 5.

DEPARTMENT OF COMMERCE
United States Patent Office
Washington

Karl Zysset
c/o P. E. Baumann
Mythenstr. 5
Kilchberg B. Zch.
Switzerland

Please find below a communication from the Examiner in charge of this application.

Robert C. Watson,
*Commissioner of Patents.*
Applicant: Karl Zysset
Ser. No. 415,628
Filed Mar. 11, 1954
For Vegetable Shredder

This application has been examined.

References applied:

| | | | |
|---|---|---|---|
| Hanel | 2,140,010 | Dec. 13, 1938 | 146-159 |
| Suter (Switzerland) | 155,720 | Sept. 16, 1932 | 146-69 |

(1 sht. drwg., 3 pgs. spec.)

In the specification the brief description of Fig. 1 should state where this section is taken and an appropriate section line should be shown on the appropriate figure. The brief description of Fig. 3 should state where this section is taken and should further state that this view shows parts broken away.

Page 3, line 3, the "openings" should be provided with a reference character. Line 4, the "knife edge" should be provided with a reference character. Line 28, reference character "1o" should be changed to 10.

*Plaintiffs' Exhibit No. 3.*

Page 4, lines 24 to 29, the modification described should be shown on the drawing or reference thereto in the specification should be canceled.

Claim 1 and dependent claims 2 to 5 are rejected as being aggregative in form in that claim 1 recites elements without setting forth the structural relationship between these elements and the other elements recited in the claim. For





example, in line 10, the "spring means" has not been structurally related to any other element or elements recited in the claim. See In re Hall 614 O. G. 11; 1948 C. D. 534. The functional statement which follows the recitation of the "spring means" does not serve to structurally relate the "spring means" to the other elements recited in the claim.

Claims 1 and 3 are further rejected as being unpatentable over the disclosure of the patent to Hanel. The patent to Hanel shows a vegetable shredder which comprises a bell like housing 60 which is formed of two interconnecting portions 70a and 70b. A cutting means 75 is manually depressed to engage material being cut by means of the spring loaded actuated stem 72 and the hand member 82 at the upper end thereof. The member 70a is a checking member and the portions 78a are held to be the full equivalent of applicant's two cams which cooperated with the stem 72 to rotate the stem and blade during a certain portion of its movement. To place the spring 86 about the stem 72 instead of about the member 70a is held to be merely a matter of choice or design which does not involve invention.

Claims 4 and 5 are rejected as being unpatentable over the disclosure of the patent to Hanel in view of the disclosure of the Swiss patent 155,720.

The manner in which the Examiner applies the patent to Hanel to applicant's construction has been set forth above. To replace the blade at the lower end of the actuating member 72 of Hanel with a blade of the form shown by the Swiss patent 155,720 would not involve invention. In this connection attention is directed to the shape of the blade of the Swiss patent as illustrated in Figs. 2 and 5 of the Swiss disclosure.

*Plaintiffs' Exhibit No. 3.*

Serial No. 415,628 3

The addition of a wiper or means to clear the blade of Hanel on the upward stroke thereof is held to be an obvious expedient which does not involve invention.

Claims 1 to 5 are rejected.

No claims are allowed.

C. W. Robinson,
*Examiner.*

L.W.J.
L. W. Johnston:dc

415628—12

January 28, '55

6049

(Stamps) Mail Division Feb 10 1955 U. S. Patent Office. Received Feb 11 1955 Division 5 Paper No. 4/A.

G. H.

Pat. Div. 5
Ser. No. 415,628
Filed Mar. 11, '54
Apll.: Karl Zysset

The Commissioner of Patents,
Washington 25, D. C.

Dear Sir,

This is a response to the 1st O.a. of Oct. 26, '54. In the drawings, please insert the corrections given in the enclosed sketches. This, however, need not be done before a claim(s) is granted.

In the specification

page 2, line 14, please insert after "section"—substantially on the line 1-1 of Fig. 2—;
line 17, insert after "Fig. 1"—on the line 3-3 of Fig. 2 with parts broken away—;

page 3, line 3, after "openings" insert —8a—; line 4, after "edge" insert —8b—;

page 4, cancel the lines 24 to 29, line 25, cancel "the";

page 3, line 26, insert—helical—before "guide grooves".

*Plaintiffs' Exhibit No. 3.*

Claims: Cancel the claims 1 to 5 and write instead:

*(1) ~~6.~~ In a vegetable shredder comprising a two-part bell-like
per B housing *(HAVING AN UPPER AND A LOWER PORTION AND) adapted to be put over the goods to be shredded, and
a knife blade manually depressable by a spring-loaded actua-
" B ting stem *(WHICH HAS A LOWER END POR-
A¹ TION), said blade *(BEING MOUNTED ON THE LATTER AND) on each actuation being angularly movable by an automatically-operating indexing device, the improved indexing device including a socket in the upper housing portion, said socket having a plurality of internal helical grooves, and a checking member rotatably but axially immovably mounted on the lower end-portion of the stem, said checking member comprising a ring seated on said stem portion, a sleeve mounted on said ring and having two diametral cams engageable in said grooves, and a helical torsion spring disposed in said sleeve and coiled about said stem portion, one end of the spring being anchored in the sleeve and the other bearing on said ring; the whole in such combination that on depressing the stem the checking member in the first stage



A¹ is rotated in one direction relatively to the stem
Cont'd and the spring is disengaged from the latter, while the stem and kni-

* Matter in parentheses inserted.

*Plaintiffs' Exhibit No. 3.*

fe blade are not rotated, and that in the last stage of the
stem's upward movement the spring engages the stem and the
latter together with the checking member and knife blade are
rotated in the other direction.

•(2) ~~7~~. A vegetable shredder as set out in claim •(1) ~~6~~, in which the
knife blade is sinuous, a wiper cup is rotatably but axially
per B immovably mounted in the •(LOWER) ~~bottom~~ portion of the housing for
clearing the blade on the upward stroke thereof, said blade
" C passing through a continuous •(SINUOUS) ~~meander~~ slot in the bottom of
the wiper cup, and a blade-carrying rod passing in tight fit
" B through a plurality of openings in the blade •(AND BEING SECURED TO THE LOWER END PORTION OF THE STEM).

---

References applied:

Hanel's chopper has an action similar to that of my shredder, but its construction is complicated. The principal difference lies in the stem which comprises helix elements, whereas the stem in my shredder is a plain round rod. Hanel does not mention anywhere that the knife will rotate only in the last stage of its upward stroke.

Suter's knife (Fig. 5) is bent in z-form, while the knife in Fig. 2 is non-continuous but comprises three straight sections 8, only the knife-mount 7 being continuous.

Neither Hanel nor Suter show my carrier rod 7 nor my wiper cup 3.

I believe that my new claims 6 and 7 clear the Examiner's objections based on the references applied.

Yours very truly

Karl Zysset

Encl.:
2 sketches

A2 415628—14

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• Matter in parentheses inserted.

## PLAINTIFFS' EXHIBIT 109.

(Filed August 9, 1962)

U. S. DEPARTMENT OF COMMERCE
United States Patent Office

June 2, 1961

This Is To Certify that the annexed is a true copy from the records of this office of Disclaimer, filed July 12, 1960, in Patent 2,782,826, granted February 26, 1957, to Karl Zysset, for Vegetable Shredder.

By authority of the
Commissioner of Patents
/s/ F. R. Oliver
Certifying Officer.

(See memo July 29, 1960)

UNITED STATES PATENT OFFICE

Patentee — Karl Zysset
Patent No. — 2,782,826
Issued — February 26, 1957
Improvement — Vegetable Shredder

Patent Office
Jul 18 1960
Issue & Gazette
Branch
Recorded
U. S. Patent Office
Issue Division
Jul 12, 1960

To The Commissioner Of Patents:

DISCLAIMER

Your petitioners, Karl Zysset, residing at Lyss, Switzerland, a citizen of Switzerland, and New-Nel Kitchen Products Company, a corporation organized and existing under an by virtue of the laws of the State of Illinois, having its principal place of business at Chicago, Illinois, rep-

resent that they are, respectively, the patentee and legal owner of, and exclusive licensee to make, use and sell the patented invention under, said United States Letters Patent No. 2,782,826, issued to Karl Zysset for a certain improvement in Vegetable Shredder on February 26, 1957, and that they have reason to believe that, through inadvertence, accident or mistake and without any fraudulent or deceptive intention, claim 1 of said Letters Patent is too broad or is invalid as held by the United States Court of Appeals, for the Seventh Judicial Circuit on April 14, 1960, as reported in 125 USPQ 152. Your petitioners, therefore, hereby disclaim claim 1 in so far as it is a separate and independent claim of said patent pursuant to the said opinion and the mandate of the said Court of Appeals thereunder, but do not disclaim the wording of claim 1 in so far as it forms a part of claim 2 of said patent by reference, having regard to the holding of the said court that said claim 2 is valid.

Signed by Karl Zysset at Bern, Switzerland, this 6th day of July, 1960.

/s/. Karl Zysset

Witnesses:

.....

.....

Executed by New-Nel Kitchen Products Company at Chicago, Illinois, this 1st day of July, 1960.

New-Nel Kitchen Products Company
By /s/ A. O. Nelson
President

Attest:
/s/ Mabel Nelson
Secretary

Recorded
U. S. Patent Office
Issue Division
Jul 12 1960

**Defendant's Exhibit No. 111**

SUMMARY OF NEW-NEL QUARTERLY REPORTS TO ZYSSET OF FOOD CHOPPERS SOLD

| Period | Net Units |
|---|---|
| May 15, 1958 — Aug. 15, 1958 | 1,740 |
| Aug. 15, 1958 — Nov. 15, 1958 | 64,584 |
| Nov. 15, 1958 — Feb. 15, 1959 | 19,835 |
| Feb. 15, 1959 — May 15, 1959 | 13,446 |
| May 15, 1959 — Aug. 15, 1959 | 18,547 |
| Aug. 15, 1959 — Nov. 15, 1959 | 11,463 |
| Nov. 15, 1959 — Feb. 15, 1960 | 9,460 |
| Feb. 15, 1960 — May 15, 1960 | 9,091 |
| May 15, 1960 — Aug. 15, 1960 | 10,576 |
| Aug. 15, 1960 — Nov. 15, 1960 | 11,694 |
| Nov. 15, 1960 — Feb. 15, 1961 | 10,086 |
| Feb. 15, 1961 — May 15, 1961 | 15,584 |
| May 15, 1961 — Aug. 15, 1961 | 12,861 |
| Aug. 15, 1961 — Nov. 15, 1961 | 19,050 |
| Nov. 15, 1961 — Feb. 15, 1962 | 11,928 |

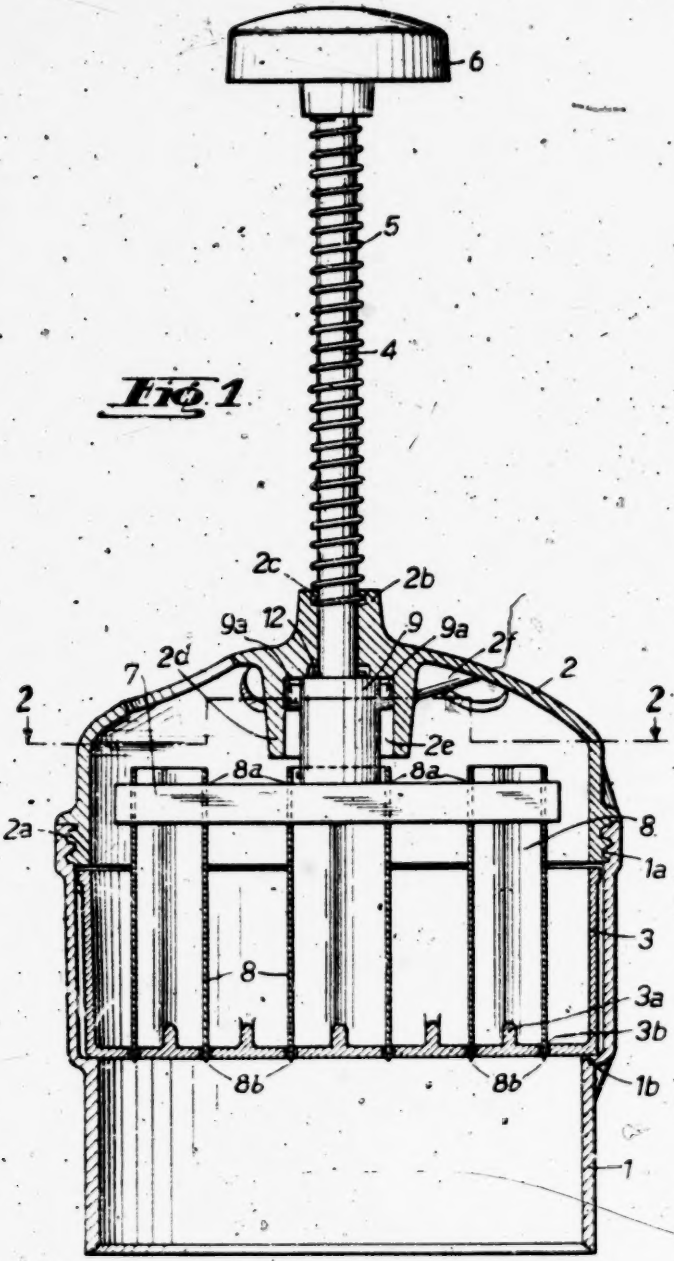
K. ZYSSET PATENT #2,782,826

Feb. 26, 1957 K. ZYSSET 2,782,826

VEGETABLE SHREDDER

Filed March 11, 1954 2 Sheets-Sheet 1

Fig. 1



K. ZYSSET PATENT #2,782,826

Feb. 26, 1957 K. ZYSSET 2,782,826

VEGETABLE SHREDDER

Filed March 11, 1954 2 Sheets-Sheet 2

Fig. 2.

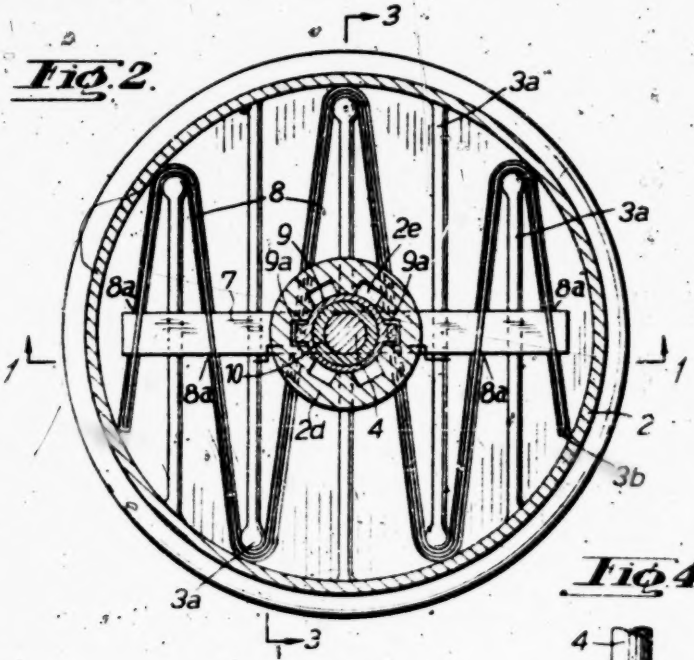



Fig. 4

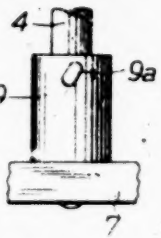
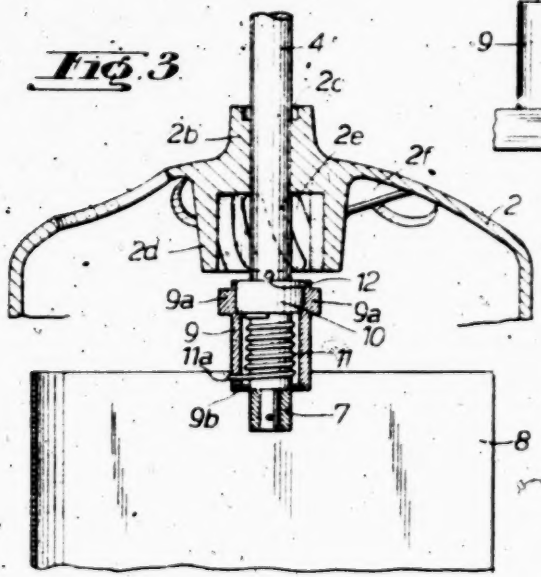



Fig. 3



K. ZYSSET PATENT #2,782,826

# United States Patent Office

2,782,826
Patented Feb. 26, 1957



2,782,826

## VEGETABLE SHREDDER

Karl Zysset, Lyss, Switzerland

Application March 11, 1954, Serial No. 415,628

2 Claims. (Cl. 146—160)

Manually operable vegetable shredders are known which comprise a bell-like housing adapted to be put over the goods to be shredded, and cutting means disposed in said housing and depressable by hand against the action of a spring, said means when actuated being rotated step by step with the aid of an automatically acting indexing device.

In such known shredders, the cutting means such as a steel blade provided with a knife-edge, at each upward or downward stroke is moved by the indexing device during the entire stroke.

Such known shredders, however, do not operate satisfactorily in that when the knife rotates during the entire upward stroke, the goods are angularly moved on their bed by the cutting means, thus rendering ineffective the stepwise rotation for its major portion. Such adverse conditions are aggravated when the knife rotates during the downward stroke. A further disadvantage of such known shredders is that the stem which carries the cutting means and the actuating member, has to be provided with helical grooves on a length at least equal to the stroke, whereby the manufacture of the shredder and the cleaning thereof is rendered complicated and difficult.

Said disadvantages are eliminated by the shredder disclosed by my present invention in that the cutting means are moved through a definite angle only in the last stage of the upward stroke.

In the shredder disclosed, the cutting means are constituted by a single sinuous steel strip passing through a continuous slot of a wiper cup which is rotatably disposed in the housing. If the wave line of such steel strip is made more or less sinuous, the shredded goods are prevented from being seized between the various sections of the meander knife. Such arrangement also eliminates the disadvantage arising in shredders having a stack of parallel knives.

To provide for easy cleaning of the shredder, the housing suitably is not made of one piece but rather of two portions detachable from each other, which when interconnected hold a wiper cup so that the latter is rotatable but not axially movable, whilst said wiper is readily removable when the two portions are disengaged from each other.

One form of my invention is shown in the accompanying drawings, in which—

Fig. 1 is a vertical section substantially on the line 1—1 of Fig. 2 in which the cutting means is in the raised position.

Fig. 2 is a horizontal section on the line 2—2 of Fig. 1.

Fig. 3 is a section similar to Fig. 1 on the line 3—3 of Fig. 2 with parts broken away, but in which the cutting means is in a partly lowered position, and

Fig. 4 is a partial view of a checking member which is turned through 90° from the position shown in Fig. 1.

The shredder shown comprises a bell-like housing made up of a lower portion 1 and an upper portion 2 of transparent plastic such as polystyrene. These two portions are interconnectable by means of threads 1a and 2a so



as to be readily detachable from each other for cleaning purposes. Housing portion 2 on top is formed with an integral depending boss or socket 2d on the inside of which are provided six helical grooves 2e. A plurality of ribs 2f reinforce the transition part between housing portion 2 and socket 2d. To the lower end of a stem 4 which is provided with a handle 6, is secured a prismatic rod 7 standing at right angles thereto. The rod 7 traverses without play a plurality of openings 8a of a meander steel strip 8. The latter is formed with a knife-edge 8b on the bottom and, when operating stem 6 is depressed, acts as a knife for shredding the goods put in the lower open space of the appliance. A compression spring 5 disposed between a recess 2c in a shoulder 2b of housing portion 2 and handle 6, after actuation of the latter returns blade 8 to its upper initial position.

A wiper cup 3 serves to clean the multiple-bent knife blade during the upward stroke thereof. In the operating position of the shredder, said wiper cup bears on a shoulder 1b of the cylindrical housing portion 1 and is freely rotatable when the two housing portions 1 and 2 are screwed together, but the wiper has practically no play in the axial direction. When the two housing portions are unscrewed, the wiper cup is readily removable. From the apex of a wave line formed by a slot 3b for knife blade 8, extend a plurality of stiffening ribs 3a from two sides, which brace the wiper cup.

As mentioned in the introductory part of the description, the shredder is provided with an automatic indexing device which acts to angularly move the cutting means. Said device, in contradistinction to known shredders, initiates the rotary movement only during the last stage of the upward stroke. Said device in the present case comprises on one hand the socket 2d with helical guide grooves 2e and, on the other hand, a checking member disposed on the lower end portion of stem 4. This checking member comprises a metallic ring 10 which is freely rotatable on stem 4, a sleeve 9 which is non-rotatable with respect to the latter and has two diametrically opposite cams 9a, and a torsion spring 11 coiled about stem 4 and of which the lower end 11a is anchored in sleeve 9. The latter is cast or pressed as one piece of splinterproof plastic such as "nylon." The checking member is prevented from axial movement on one hand through a stud 12 fixed to stem 4 and, on the other hand, through rod 7 against which abuts a metallic washer 9b of the checking member.

The shredder shown operates as follows. When depressing knife blade 8 by means of handle 6, the checking member is rotated owing to the cams 9a being engaged in two guide grooves 2e in the sense of separating the spring 11 from stem 4. The friction between the operator's hand and handle 6 is considerably greater than that between spring 11 and stem 4 so that knife blade 8 cannot rotate. After releasing the handle, the knife first moves straight upwardly under the action of spring 5. In the last stage of such upward movement, the cams 9a of the checking member are engaged in the guide grooves 2e. Owing to the rotary movement of sleeve 9 enforced thereby, spring 11 is put tightly about stem 4 whereby the latter is coercively rotated during the remaining stage of the upward stroke. After each operation of depressing knife 8, the latter is moved through a certain angle shortly before reaching its position of rest.

What I claim as new and desire to secure by Letters Patent, is:

1. In a vegetable shredder comprising a two-part bell-like housing having an upper and a lower portion and adapted to be put over the goods to be shredded, and a knife blade manually depressable by a spring-loaded actuating stem which has a lower end portion, said blade being mounted on the latter and on each actuation being

# K. ZYSSET PATENT #2,782,826





angularly movable by an automatically-operating indexing device, the improved indexing device including a socket in the upper housing portion, said socket having a plurality of internal helical grooves, and a checking member rotatably but axially immovably mounted on the lower end-portion of the stem, said checking member comprising a ring seated on said stem portion, a sleeve mounted on said ring and having two diametrical cams engageable in said grooves, and a helical torsion spring disposed in said sleeve and coiled about said stem portion, one end of the spring being anchored in the sleeve and the other bearing on said ring; the whole in such combination that on depressing the stem the checking member in the first stage is rotated in one direction relatively to the stem and the spring is disengaged from the latter, while the stem and knife blade are not rotated, and that in the last stage of the stem's upward movement the spring engages the stem and the latter together with



the checking member and knife blade are rotated in the other direction.

2. A vegetable shredder as set out in claim 1, in which the knife blade is sinuous, a wiper cup is rotatably but axially immovably mounted in the lower portion of the housing for clearing the blade on the upward stroke thereof, said blade passing through a continuous sinuous slot in the bottom of the wiper cup, and a blade-carrying rod passing in tight fit through a plurality of openings in the blade and being secured to the lower end portion of the stem.

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## MANDATES

(Filed Aug 7 1963)

UNITED STATES OF AMERICA, SS:

The President Of The United States Of America

To the Honorable the Judges of the United States District Court for the Northern District of Illinois, Eastern Division

(Seal of U. S. Court of Appeals, Seventh Circuit)

Greeting:

Whereas, lately in the United States District Court for the Northern District of Illinois, Eastern Division before you, or some of you, in a cause between Karl Zysset and New-Nel Kitchen Products Company, Plaintiffs, and Popeil Brothers, Inc., Defendant, District Court No. 57-C-763, a judgment was entered on the thirteenth day of July, 1962.

as by the inspection of the transcript of the record of the said District Court, which was brought into the United States Court of Appeals for the Seventh Circuit by virtue of an appeal by Karl Zysset and New-Nel Kitchen Products Company agreeably to the act of Congress, in such case made and provided, fully and at large appears.

And Whereas, in the term of September, in the year of our Lord one thousand nine hundred and sixty-two, the said cause came on to be heard before the United States Court of Appeals for the Seventh Circuit, on the said transcript of record, and was argued by counsel

On Consideration Whereof, it is ordered and adjudged by this Court that in Appeals Nos. 13939 and 13940, the

judgment order entered July 13, 1962, be, and the same is hereby Reversed in so far as it awards damages and attorneys' fees and disbursements in the sum of $182,325.38, and costs; and that this cause be, and it is hereby Remanded to the said District Court with instructions to vacate that portion of its judgment order of July 13, 1962, and with directions to enter judgment for the plaintiffs in the sum of $636,672.12, without costs, but with interest from the date of its entry.

It is further ordered and adjudged by this Court that in Appeal No. 14007, the judgment order of the said District Court entered November 13, 1962, be, and the same is hereby, Affirmed.

It is further ordered that neither party is allowed costs in this Court in these appeals, in accordance with the opinion of this Court filed this day, Monday, June 3, 1963

And afterwards, to-wit, on the eighteenth day of June, 1963, there was filed in the office of the Clerk of this Court a petition for rehearing en banc, which said petition for rehearing en banc was denied on the seventeenth day of July, 1963.

You, therefore, are hereby commanded that such further proceedings be had in said cause, as according to right and justice, and the laws of the United States, aught to be had, the said judgment notwithstanding. Witness, the Honorable Earl Warren, Chief Justice of the United States, the sixth day of August, in the year of our Lord one thousand nine hundred and sixty-three.

/s/ Kenneth J. Carrick
Clerk of the United States Court
of Appeals for the Seventh Circuit
By: /s/ Thomas F. Struhbe,
Deputy Clerk

(Mandate in Appeal 13940 is identical with above save for recital that the appeal was by virtue of "an appeal by Popeil Brothers, Inc.")

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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1963

## No. 554

POPEIL BROTHERS, INC.,

*Petitioner,*

vs.

KARL ZYSSET and NEW-NEL KITCHEN PRODUCTS COMPANY,

*Respondents.*

## BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1963

## No. 554

**POPEIL BROTHERS, INC.,**

*Petitioner,*

vs

**KARL ZYSSET and NEW-NEL KITCHEN PRODUCTS COMPANY,**

*Respondent.*

## BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

### FOREWORD

The Petition for Writ of Certiorari is without merit. It half-states facts and half-cites authorities in efforts to sustain points which are completely devoid of merit. It deliberately fails to inform this Court that petitioner petitioned this Court to grant a writ of certiorari on the issue of lia-

bility over three years ago, and that the petition on that issue was denied. It seeks to reargue the same points presented on that previous petition. It omits reference to other proceedings in this case which demonstrate its unconscionable and unjustified behavior in repeatedly and unwarrantedly seeking to frustrate respondents' efforts to enjoy the fruits of the judgment entered in their favor over three and one-half years ago. The failure of petitioner to state fairly the facts, the status and the background of this case require respondents to supply an accurate statement of the case as well as to supply a correct statement of the questions presented.

## QUESTIONS PRESENTED.

Petitioner's "Questions Presented" largely ignore the facts of this case and seek review of matters which have been presented to this Court previously and other matters which have not been timely brought to this Court. The questions for this Court's consideration, if this Court's consideration is justified, more accurately stated are:

Where petitioner has wilfully and deliberately infringed a patent and respondents seek an award of damages adequate to compensate them for the infringement, is not the Court of Appeals correct in measuring that award by the amount which petitioner profited from its acts of infringement, as authorized by the decisions of this Court and of the lower courts, as intended by Congress and as sanctioned by statute?

Where petitioner was heard three years ago on a petition for writ of certiorari to this Court from a judgment final on the issue of liability, will this Court reconsider the question of liability on this petition taken from a judgment on the damage issue?

Where petitioner has failed to seek review by this Court from a judgment, will this Court review that judgment on a petition from a separate and distinct judgment?

## STATEMENT OF THE CASE.

This patent infringement action was filed on April 29, 1957 in the United States District Court for the Northern District of Illinois and charged petitioner with having infringed the claims of Zysset U. S. Patent No. 2,728,826. As the courts below repeatedly held, the patent and claim 2 thereof are valid and define a combination of elements which cooperate to produce a new and useful result. That combination, as stated by the Court of Appeals, "possessed the 'impalpable something which distinguishes invention from simple mechanical skill.' *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 . . . ."(1)

On October 3, 1958 having heard evidence on the issues of validity and infringement, the District Court entered its findings, conclusions and judgment holding the patent and its claims to be valid and infringed, enjoining petitioner from continued infringement, and ordering an accounting. 167 F. Supp. 362, 368-9.

Petitioner's acts of infringement were characterized as being "deliberate", "aggravated" and of a "willful nature," 167 F. Supp. 362, 367-9. From that judgment, final except for an accounting,(2) petitioner appealed to the Court

(1) 276 F. 2d 354, 357, reiterated on the appeal from which this petition is taken, 318 F. 2d 701, 704.

(2) Pursuant to 28 USC 1292 (a)(4) Courts of Appeals have jurisdiction of appeals from "judgments in civil actions for patent infringement which are final except for accounting." It is an almost universal practice to try initially the issues of validity and infringement and to have those issues, decided on appeal and reviewed, if appropriate by writ of certiorari prior to an accounting to determine the extent and scope of the damages to which the claimant is entitled.

of Appeals (Appeal No. 12492). However, before the Court of Appeals had an opportunity to consider that appeal, petitioner moved for relief from judgment under Rule 60 (b) of the Federal Rules of Civil Procedure setting forth by affidavit evidence said to be newly discovered. The District Court considered and denied that motion on its merits and petitioner took a further appeal (Appeal No. 12753).

With a full and exhaustive record on the issues of validity and infringement before it, the Court of Appeals was provided with briefs and heard argument, affirming the District Court judgment on February 11, 1960.

Upon a petition for rehearing, and at petitioner's own suggestion[3] the court modified its opinion and order, and reversed the District Court judgment as to claim 1 while it "affirmed as to claim 2 of the Zysset patent 2,728,826 and affirmed in all other respects." 276 F. 2d 354, 359.

Thereafter a petition for writ of certiorari[4] was filed in this Court in which 28 USC 1254 and 2101(c) were invoked as a basis for bringing the final judgment of the Court of Appeals before this Court. On that petition it was argued that claim 2 of the Zysset patent was invalid

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(3) In "Defendant's Petition for Rehearing and Modification", petitioner stated:

> "If the Court is willing to adopt the modifications that we have suggested herein, we believe it would be appropriate to recast the opinion, all in perfect consistency with the basic reasoning of the opinion as it now stands, so as to order that the District Court be affirmed in holding that Zysset's Claim 2 was valid. * * *"

(4) *Popeil Bros.* v. *Karl Zysset*, October Term, 1960, No. 232; denied October 10, 1960.

over the prior art and that the Patent Office had not examined claim 2 sufficiently so that it might stand as the only claim of the patent.(5) The petition, fully briefed by both parties, was denied by this Court on October 10, 1960.

Thereafter and pursuant to the order directing an accounting respondents undertook to produce testimonial and documentary evidence on the issue of the measure of damages to which respondents were entitled. However, on December 29, 1960 petitioner filed a further motion, calling it a motion for mitigation of damages, that is, to let a judgment be entered for nominal damages and to terminate the accounting ordered by the District Court judgment of October 3, 1958. That motion was based upon the same Wilson and McCallay patent No. 207,146 for a "Tobacco Cutting-Machine" (not a chopper) argued to this Court on the first petition for writ of certiorari. That motion was enlarged, on May 4, 1961, to petitioner's second motion for relief from judgment pursuant to Rule 60 (b) based upon so-called "newly discovered evidence." Although it was asserted in December 1960 that the patent was newly discovered, it had been fully known to petitioner for at least six months prior thereto and for at least ten months before the motion was enlarged to one for relief from judgment, as evidenced by the first petition for certiorari.

The District Court denied the motion, whereupon petitioner sought an interlocutory appeal (Appeal No. 13237). That was denied by the Court of Appeals on February 28, 1961. Upon renewal of the motion, the District Court heard

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(5) These points are mentioned because it is the very same points in substance which petitioner now seeks to have this Court reconsider on this petition for writ of certiorari.

evidence and argument from the parties and, on October 25, 1961, it denied the motion and entered findings and conclusions relative thereto. The appeal by petitioner from that order (Appeal No. 13593) was dismissed on January 31, 1962 as being then non-appealable.

Finally respondents were permitted to conclude the taking of testimony and the presentation of documentary proofs relative to the measure of damages "adequate to compensate" them for petitioner's willful and deliberate infringement. The accounting proofs established petitioner's net profits resulting from the infringing activities and demonstrated that respondents were entitled to those profits as the appropriate measure of damages in this case. Petitioner's own affidavits and accounting reports indicated that petitioner's "net profit" before income taxes was $455,293.01 on sales of over $2,981,000.00. While the accounting report indicated that the net profits were $455,293.01 "before income tax," no evidence was adduced to show that as much as a penny in taxes had either been paid or was owing to any governmental body.

It was established that among the items included in the "total costs" deducted to report "net profit" was $109,192.44 paid to petitioner's officers-owners, the Popeils, as compensation to them for directing *the infringing portion* of the business. This was not "salary," but a division of profits. It was also established that another item deducted to arrive at the "net profit" was $42,830.59 for petitioner's attorney fees and expenses in defending this very litigation. Also included in deductions made to arrive at the "net profits," was a "loss" of $29,356.08 for a span of about six months prior to the end of the infringing period, which span was after the District Court trial and at a time when petitioner was disposing

of infringing choppers at drastically cut-rate prices. While respondents accepted petitioner's statement of account which reported "net profit" of $455,293.01, it objected to deductions for distributions to the officer-owners of petitioner, for petitioner's litigation expenses, and for the loss for the six-month span. Those items totalled $181,379.11 which, when added to the reported "net profit," amounted to $636,672.12, the amount of the judgment ordered entered by the Court of Appeals on June 3, 1963.(6)

In addition to establishing petitioner's profits, testimony was also introduced regarding what a reasonable royalty might be in this case and what the established royalty was, the former being the floor beneath which the courts could not go in measuring respondents' award.(7)

Petitioner's own expert witness, former Commissioner of Patents Kingsland, testified that reasonable royalty is a measure of damages in a patent infringement case where others "are not available" and that if there is a profit basis "that is something else again". He stated that one of the reasons why this Court had "validated this idea of reasonable royalty" was that so many cases went off on nominal damages because of the difficulty in "proving profits of the defendant or lost profits of the plaintiff". He stated that under the present statute there is a basis for proving damages which include such items as the profits earned

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(6) Petitioner has not questioned the disallowance by the Court of Appeals of deductions for its expenses in this litigation and the loss reported for the six-month period. It obviously recognizes that this action by the Court of Appeals was correct.

(7) 35 USC 284 provides that "the court shall award the claimant damages adequate to compensate for the infringement, *but in no event less than a reasonable royalty* * * *." [Emphasis supplied]

by a defendant and indicated further that where there are other bases for determining measures of damages they may well be preferable to the reasonable royalty basis.

Although the District Court awarded damages to respondents based upon what it deemed to be a reasonable royalty, it found that petitioner's profits were as reported in the statement of account, that is $455,293.01. The District Court also held that the various items of deduction mentioned above were allowable as deductions from the total profits of $636,672.12.

From the District Court's judgment in the accounting, deemed by respondents to be inadequate to compensate both of them[9] for petitioner's willful, deliberate and aggravated infringement, respondents appealed (Appeal No. 13939) and petitioner cross-appealed (Appeal No. 13940).

On November 5, 1962, after those appeals had been lodged and after respondents' appendix had been prepared and filed, petitioner filed an unprecedented third motion for relief from the judgment of October 3, 1958 pursuant to Rule 60 (b), setting up as "newly discovered evidence" certain Swiss patents. The motion charged respondents with fraud upon the court and upon the petitioner for having failed to disclose the "newly discovered" patents.

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[9] Plaintiff Zysset is the patent owner while plaintiff New-Nel is the exclusive licensee. Plaintiff New-Nel's income was to derive from its exclusive right to manufacture and sell the patented structure, while the plaintiff Zysset was to be compensated by a royalty to be paid to him by New-Nel on each structure. The royalty which plaintiff New-Nel was obliged to pay is greater than the infringer, petitioner, was required by the District Court to pay to compensate *both* plaintiffs. That was quite clearly inadequate.

It appeared from the evidence that in fact the respondent Karl Zysset, instead of failing to disclose such Swiss patents, as wantonly charged by petitioner, had expressly listed in answer to written interrogatories those Swiss patents which were known to him.

Exhibiting great patience, the District Court heard the matter at length upon evidence submitted in open court and upon argument. It denied petitioner's motion, stating "that the evidence alleged in said petition to be newly discovered even if timely presented with exercise of due diligence is not of such nature as to change the Judgment herein."

From that denial, petitioner took still another appeal (Appeal No. 14007). While the Court of Appeals in its judgment of June 3, 1963 also criticized the timeliness of the motion and petitioner's diligence in locating the alleged newly discovered evidence[9], it concurred with the District Court in finding that the so-called newly discovered evidence, as well as the Wilson and McCallay patent relied upon in the second Rule 60 motion, were no better as prior art than that already considered by the courts.[10] Thus it was that on June 3, 1963 the Court of Appeals stated that "In Appeal No. 14007, the judgment order of the District Court entered November 13, 1962, is affirmed."

---

[9] Both as to the second and third motions under Rule 60 (b), it appeared to the Court of Appeals that the so-called newly discovered evidence was not sought with the diligence required by Rule 60 (b). 318 F. 2d 701, 704-5.

[10] "But more important we perceive nothing in this newly tendered prior art which requires a change in the original conclusions of law and judgment with respect to the validity of claim 2 * * *." 318 F. 2d 701, 704.

In the accounting appeals, concluding that the District Court had erred, the Court of Appeals directed entry of judgment for respondents in the sum of $636,672.12.

While petitioner sought a rehearing of the judgment of the Court of Appeals in Appeals 13939 and 13940, it did not in Appeal No. 14007. On July 17, 1963, having considered petitioner's briefs and arguments on its petition for rehearing, the Court of Appeals stated as to Appeal Nos. 13939 and 13940: "It is ordered by the Court sitting *en banc* that the petition for a rehearing of this cause filed by Popeil Brothers, Inc., defendant-appellee and cross-appellant be, and the same is hereby, denied."

This petition for writ of certiorari was filed on October 15, 1963. That was 132 days after the judgments of June 3, 1963, clearly more than the statutory 90 day limit in which to file petitions for writs of certiorari.(3) It is to be noted that the petition prays review of "the judgments of the United States Court of Appeals for the Seventh Circuit entered in its causes numbered 13939 and 13940 on June 3, 1963." As such the matters considered on Appeal No. 14007 clearly are not before this Court.

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(3) 35 USC 1254, 2101(c).

## REASONS FOR DENYING THE WRIT.

### THE COURT OF APPEALS CORRECTLY AWARDED DEFENDANT'S PROFITS TO PLAINTIFFS AS THE ONLY APPROPRIATE AND ADEQUATE MEASURE OF DAMAGES TO COMPENSATE PLAINTIFFS FOR DEFENDANT'S WILLFUL AND DELIBERATE INFRINGEMENT

Upon the accounting ordered by the judgment of the District Court of October 3, 1958, although relentlessly harassed by petitioner's delaying tactics, respondents eventually presented evidence regarding the measure of damages to which they were entitled. Evidence both as to the statutory minimum as well as to other well recognized measures was adduced in open court. When the District Court failed to award them a measure of damages adequate to compensate both of the respondents for petitioner's acts of infringement, respondents appealed. The Court of Appeals agreed with respondents in their judgment of June 3, 1963 from which judgment this petition has been taken.

The controlling statute is 35 USC 284 which provides:

> "§284. Damages.
>
> "Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer . . . ."

The Court of Appeals correctly observed, "The statute prescribes a reasonable royalty as the minimum measure of damages," 318 F. 2d 701, 706. Petitioner's own expert, former Commissioner of Patents Kingsland, testified that a reasonable royalty is merely the "floor or basement"

to be considered only where other measures "are not available."

Such other measures traditionally, as well as under 35 USC 284, and its immediate predecessor, the "1946 Act," have contemplated the profits derived by a defendant from its acts of infringement.[12]

Not only has the case law consistently echoed that view, but so also did Congress indicate the fact to be that the "1946 Act," as the petition agrees at page 19, was re-enacted as 35 USC 284 with but "minor modifications in language in 1952", still contemplated and made available to a plaintiff the profits of the infringer as a recoverable measure of damages. For many years prior to 1946, the governing statute required the allowance of defendant's "profits" to a plaintiff.[13] However, that requirement had bred many problems which in large numbers of cases precluded fair and just compensation for prevailing plain-

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[12] Prior to the 1946 Act (60 Stat. 778, 35 USC 70 (1946 Ed.) —reproduced App. 2a) the statutes governing recoveries in patent infringement suits stated that plaintiffs were entitled to a defendant's "profits" (42 Stat. 392, 35 USC 70 (1940 Ed.))—reproduced at page 1a of petitioner's appendix. In accordance therewith, the courts had consistently indicated that an infringer's profits were a proper measure of damages and this Court so stated in many decisions. See, for example, *Westinghouse Co.* v. *Wagner Mfg. Co.*, 225 U.S. 604, 614.

[13] *Supra* note 12.

tiffs.[14] As such, in 1946 the statute was modified to eliminate the word "profits", but not, as will become clear, the availability of profits as a measure of damages.

When the bill culminating in the "1946 Act" was being considered on the floor of the Senate Senator Pepper stated:

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[14] The many problems which had arisen in attempting to arrive at fair and just awards in infringement litigations under the profits and damages provisions existing prior to 1946 were explained in detail to Congress when it was considering the bills which became the 1946 Act. Some, for example, were due to the difficulty of apportioning damages attributable to infringement of a particular patent where that patent covered only a portion of the infringing structure. Others arose out of the inability of plaintiffs to establish damages and profits where accurate books had not been kept by the infringer, as a result of which plaintiffs frequently were awarded mere nominal damages—certainly an inadequate reward for having made an inventive contribution which had merit enough to be copied and appropriated by an infringer. Mr. Kingsland, defendant's expert witness, testified to that as having been a serious problem.

In 1915 this Court had sanctioned a practice theretofore adopted by some courts where another more appropriate basis was not available, that of determining what the established royalty was, and using the rate thus established as indicative "of the value of what was taken, and therefore as affording a basis for measuring the damages." *Dowagiac Mfg. Co.* v. *Minnesota Moline Plow Co.*, 235 U.S. 641, 648, 59 L. Ed. 398, 404 (1915). In the event that there was no established fee or royalty rate, then this Court held that a "reasonable royalty" could be proved as a basis for an award to avoid the evil of having no measure available at all.

Thereafter established royalty and reasonable royalty theories were utilized on numerous occasions. However, it still remained the fact that an established or reasonable royalty method could not be used until after it was found that defendant's profits were not ascertainable.

Some 30 years after the *Dowagiac Mfg. Co.* case, Congress enacted, for the first time, a provision which made the recovery of a "reasonable royalty" a statutory right and an optional measure of damages without requiring all others to be exhausted first.

"Let me state what the Bill does:

* * * * * *

"Experience has proved that it is such a difficult accounting matter to determine what the profit of the alleged infringer has been that there is almost always an interminable delay in connection with the recovery sought.

"Consequently, the basis laid down by this bill is general compensatory damages which the plaintiff in the suit sustains. Of course, *that may include profits, but it is not limited to profits; and it is not necessary to prove profits, if the plaintiff does not find it appropriate to do so.*" [Emphasis supplied. 92 Cong. Rec., 9188 (1946)]

On the floor of the House of Representatives, when asked whether the reasonable royalty provision of the pending Bill would not bring about compulsory licensing of patents, Mr. Lanham stated, "The inventor is not limited merely to collecting the royalty," 92 Cong. Rec. 1857 (1946).

Senate Committee Report No. 1503[15] states that "the bill would not preclude the recovery of profits as an element of general damages * * *." Petitioner's abbreviated version at petition page 21 of that Senate Report not only ignores and omits that portion, but by its omission changes the entire meaning of the Committee's statement which makes clear the fact that the reasonable royalty

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[15] 79th Cong., 2d Sess., June 14, 1946; 1946 U. S. Cong. Serv. 1386-7.

measure was to be statutorily available to avoid "complete failure of justice" for plaintiffs, not infringers.[14]

The legislative history of the predecessor to 35 USC 284 was presented to and cited by the Court of Appeals in its judgment.[15]

As a result of the principles repeatedly affirmed by this Court prior to 1946, both pursuant to the case law and pursuant to statute,[16] and as a result of the demonstrated intent of Congress to avoid the very thing petitioner seeks, the compulsory licensing of patents, it is not at all surprising that those principles have been reaffirmed by the courts pursuant to 35 USC 284 and the "1946 Act". Indeed the utilization of an infringer's profits as a measure of damages adequate to compensate for the infringement in appropriate cases has been a frequent occurrence. There-

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[14] Petitioner's selected omissions are italicized as follows

"Frequently a suit for patent infringement involves the infringement of only an improvement in a complex machine, and it is impossible to apportion profits due to the improvement. *In such circumstances the proceedings before masters, which are conducted in accordance with highly technical rules and are always expensive, are often protracted for decades and in many cases result in complete failure of justice [for plaintiffs].*

"*Although the bill would not preclude the recovery of profits as an element of general damages, yet by making it unnecessary to have proceedings before masters and empowering equity courts to assess general damages irrespective of profits, the measure represents proposed legislation which in the judgment of the committee is long overdue.*" [1946 U. S. Cong. Serv. 1387].

[15] 318 F. 2d 701, 707 footnote 9

[16] In patent infringement cases "The wrongdoer must yield the gains begotten of his wrong." *Duplate Corp.* v. *Triplex Safety Glass Co.*, 298 U.S. 448, 457.

fore, rather than conflict and confusion reigning as suggested by petitioner, the case law has been remarkably consistent in stating that a defendant's profits is a proper measure of damages in appropriate patent infringement cases and in using that measure.

In *Graham v. Jeffrey Mfg. Co.*, 253 F. 2d 72, 74 (CA 5, 1958) the court stated:

> "In other words, the profits made by an infringer from his improper use of the infringing device may be the measure of the damages suffered, even though the statute does not prescribe that profits are to be recovered as such."

finally awarding to plaintiffs "the true profit derived by the three defendants from the manufacture and sale of the infringing device."[19]

In *Hartford National Bank & Trust Co. v. E. F. Drew & Co.*, 188 F. Supp. 353, 359-9 (D. C. Del., 1960) the court stated:

> "Before 1946, 35 U.S.C.A., §284 used the word 'profits'. The 1952 subsequent codified version of the patent laws left this out. But, the effect of the elimina-

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[19] See also *Henry Hanger & Display Fixture Corp. v. Sel-O-Rak Corp.*, 270 F. 2d 635, 644 (CA 5, 1959); *International Industries v. Warren Petroleum Corp.*, 248 F. 2d 696, 699 (CA 3, 1957)—the measure of damages is determined by the "benefits, profits, or advantage gained by the defendant."

It is true that the courts have stated that a defendant's profits are not the mandatory measure of damages which they were prior to 1946 and which frequently resulted in the complete failure of justice of which this Court was informed in many cases and of which Congress was informed prior to the passage of the "1946 Act." Nevertheless profits remains a proper measure of damages where they are necessary to adequately compensate for infringement.

tion *was* considered by the Senate Committee on Patents, when it stated: "* * * the bill would not preclude the recovery of profits as an element of general damages * * *." And cases since have held profits of an infringer are a proper factor in considering damages where other measures are not totally adequate. * * *

"Damages may be measured by the defendant's gain [profits] or the plaintiff's loss." [Footnotes omitted].

The Court of Appeals for the Seventh Circuit in cases subsequent to the "1946 Act" has consistently indicated that an infringer's profits should be considered and may be utilized as a measure of damages "adequate to compensate" for a defendant's infringement. *Ric-Wil Co.* v. *E. B. Kaiser Co.*;[20] *National Rejectors* v. *ABT Mfg. Corp.*[21] Petitioner's comments relative to those cases do not detract from the underlying principle that profits are authorized and appropriate under 35 USC 284. In this the cases of the Seventh Circuit are fully consistent with the mainstream of the case law.

Similarly, while it acknowledged that other measures are available under 35 USC 284, the court in *Wm. Bros. Boiler & Mfg. Co.* v. *Gibson-Stewart Co.*, 312 F. 2d 385 (CA

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[20] 179 F. 2d 401, 407. "And whether an infringer's profits is an element of such damages depends upon the facts of each individual case."

[21] 188 F. 2d 706, 709, under the circumstances of that case the infringer's "entire profits belong to plaintiff."

6, 1963) affirmed an award of the infringer's profits as the plaintiff's measure of damages.[22]

In *Coleman Co.* v. *Holly Mfg. Co.*, 269 F. 2d 660 (CA 9, 1959), the court affirmed a judgment awarding plaintiff more than $2,500,000.00 for defendant's infringement, which sum included in excess of $1,450,000.00 for profits lost to plaintiff. While the District Court had found that plaintiff's damages "could be computed on the basis of plaintiff's lost profits or on the basis of defendant's actual profits,"[23] it awarded and the Court of Appeals affirmed the award of plaintiff's lost profits. That amount was $274,000.00 *greater* than defendant's actual profits. Rather than holding that defendant's profits could not be awarded under 35 USC 284, the courts in fact approved an award of damages far in excess of defendant's profits.[24] That is fully consistent with the statute which indicates that an award should be adequate to compensate for defendant's infringe-

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[22] The court stated that there was no good reason "why the gross profits should not be taken into consideration as a measure of damages, in the absence of any other suitable measure," and that "if profits are susceptible of determination, no royalty should be awarded." 312 F. 2d 385, 386. Its award of profits and its language was not, as suggested by petitioner at petition, page 27, unthought-out.

[23] 269 F. 2d 660, 666.

[24] The case of *Laskowitz* v. *Marie Designer*, 119 F. Supp. 541, 555 (SD Cal., 1954), cited by petitioner, also indicates that "The profits of the infringer may be the measure [under 35 USC 284], when no other is adequate" to compensate for the infringement. Petitioner's brief staetment with respect to that case at page 22 is obviously incomplete.

And, since both the patentee and the exclusive licensee are and have been joint plaintiffs in this case, *supra* note 8, the case of *Faulkner* v. *Gibbs*, 199 F. 2d 635 (CA 9, 1952), cited at petition, page 22, is simply inapposite.

ment. The courts in the *Coleman* case obviously concluded that defendant's profits were insufficient to compensate plaintiff.

The fact is that the cases cited by petitioner show no basic conflict or confusion among the federal courts with respect to the propriety of using defendant's profits as a measure of damages. The judgment of the Court of Appeals in this case is consistent with the case law and with the statute.

As has been stated by this Court "Where the infringer has sold or used a patented article, the plaintiff is entitled to recover all of the profits." *Westinghouse Co.* v. *Wagner Co.*, 225 U.S. 604, 614. In this very case proof of petitioner's profits resulting from its infringement were established with certainty, indeed by petitioner's own admissions. There was no evidence that any part of the profits derived from petitioner's sale of infringing food choppers was the result of any element in the product other than the overall combination as expressly claimed in claim 2 of the Zysset patent. Contrary to petitioner's contentions made to the Court of Appeals and repeated here, there was and is no basis for apportioning profits between a non-infringing and an infringing portion of the food choppers held to infringe since it was the combination as a whole as set forth in the claim, and nothing else, which petitioner utilized.[25]

At page 29 petitioner refers to several decisions of this Court relating to so-called apportionment of profits. We have no quarrel with the rule of law which states that in-

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[25] 318 F. 2d 701, 704.

sofar as profits from infringing sales are attributable to patented structures they belong to plaintiff and insofar as they were due to other structures or devices they belong to defendant. However with respect to the respective burdens of the parties, petitioner at page 29 has not fairly represented this Court's views in cases such as *Westinghouse Co.* v. *Wagner Co.*, 225 U.S. 604, 615. A reading of the full statement of principles from which petitioner quotes but an excerpt makes it clear that the burden is upon petitioner here to show that its profits are attributable to something other than its acts of infringement. Since it has not carried that burden, as indeed it could not in view of the facts of this case, respondents are entitled to the entire profits.[26]

Here, where it is crystal clear that every element of the infringing food choppers is defined in valid claim 2 of the Zysset patent, and where there is no evidence that any portion of petitioner's admitted profits was attributable to other parts or features of its structures, petitioner's contentions with respect to apportionment are simply unfounded and out of place. The inability of petitioner to carry its

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[26] That portion of the statement of governing principles set forth in *Westinghouse Co.* v. *Wagner Co.*, 225 U.S. 604, 614, and which petitioner omitted, are as follows:

"(a) Where the infringer has sold or used a patented article, the plaintiff is entitled to recover all of the profits.

"(b) Where a patent, though using old elements, gives the entire value to the combination, the plaintiff is entitled to recover all the profits. *Hurlbut* v. *Schillinger*, 139 U.S. 456, 472.

"(c) Where profits are made by the use of an article patented as an entirety, the infringer is liable for all the profits 'unless he can show—and the burden is on him to show—that a portion of them is the result of some other thing used by him.' *Elizabeth* v. *Pavement Co.*, 97 U.S. 127."

burden because the facts would not support its burden cannot be twisted to suit petitioner's convenience.

Petitioner has seized upon a finding of the District Court, unsupported by the evidence, which characterizes petitioner's infringement as "a blessing in disguise." Petitioner has sought to use this as a basis for minimizing its liability to respondents. It is clear that petitioner's willful, deliberate and aggravated infringement, which was characterized by price cutting to the point where petitioner was selling infringing devices below cost, which infringement deprived both of the respondents of the opportunity to benefit from the patent as they were entitled to do under the law, was hardly a "blessing in disguise" to respondents. The evidence simply did not support the finding and the Court of Appeals correctly summarized the facts at 318 F. 2d 701, 707-8, demonstrating that it was not the so-called "salesmanship" of the petitioner which brought about petitioner's financial success. In any event, the court observed, "the defendant's financial 'success' in reaping profit as an infringer does not in our opinion afford a basis for relegating the plaintiff to a recovery of but the statutory minimum measure of damages—a reasonable royalty." This is clearly consistent with the views of this Court expressed in *Duplate Corp.* v. *Triplex Safety Glass Co.*, 298 U.S. 448, 457, where Justice Cardozo stated:

> "An infringer cannot be heard to say that his superior skill or intelligence to realize profits by his infringement which a person of less skill might not have realized. [Citing cases] * * *. Whatever is at his call in the service of the enterprise—brawn and intelligence, factories and lands, patents and machinery—will be viewed upon an accounting as if held upon a quasi-trust to contribute what it can to the profits of the business. The wrongdoer must yield the gains begotten of his wrong."

The Court of Appeals' utilization of the defendant's profits as the measure of damages adequate to compensate the respondents was clearly consistent with the statute, with the case law and with the demonstrated intent of Congress. Its holding that the reasonable royalty award made by the District Court was inadequate was clearly correct both on the law and on the facts.

One point, especially important here, and conveniently ignored by petitioner is that there are two plaintiffs in this case.[27]

Plaintiff Zysset, the patent owner, granted an exclusive license to plaintiff New-Nel Kitchen Products Co. New-Nel, became fully equipped to, and did in fact, manufacture structures under the patent. The income of plaintiff New-Nel was to be derived from its manufacturing operation upon which it was obliged to pay a royalty to Zysset. The royalty New-Nel was obligated to pay was greater than what the District Court ordered petitioner to pay *both* plaintiffs. Hence, the District Court judgment would not have compensated even one of the plaintiffs for the infringement.[28]

Where, as here, both the patent owner and his exclusive licensee have jointly sought relief, the statutory minimum is a particularly inappropriate measure of damages. It is obvious that the Court of Appeals was aware of that relationship of the parties to this action when it

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[27] *Supra* note 8.

[28] When these facts are understood and when it is appreciated that the judgment for profits takes from petitioner only that which it gained from its infringement and nothing from its other business activities, it is clear that the judgment is not at all excessive. In fact, to award less would be a "monstrous injustice" to respondents Cf. petition, page 35.

concluded that the reasonable royalty measure adopted by the District Court was simply inadequate.

Because the District Court failed to utilize the proper standards in determining the appropriate measure of damages, the Court of Appeals was required to reverse the District Court.

Since the record was full and complete on petitioner's profits and included findings thereon, it was unnecessary for the Court of Appeals to remand the case to the District Court. Therefore, the Court of Appeals merely directed the entry of judgment for the respondents in the amount of petitioner's profits. That action was fully consistent with the court's role as a reviewing court.

## THE COURT'S REFUSAL TO ALLOW DEDUCTIONS FOR INCOME TAXES WHICH WERE NOT SHOWN TO BE PAID AND FOR THE OFFICER-OWNER'S SALARIES WAS CORRECT

Petitioner's statement at page 33 that the Court of Appeals refused "to allow any deduction for income taxes paid by defendant" is absolutely false. There is no evidence which shows petitioner paid anything in taxes to any governmental body.[29]

The findings in this case clearly indicate that petitioner's infringement was "willful," deliberate and aggravated. By petitioner's own admission, income taxes are not deductible

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[29] While the District Court said "The court takes judicial notice * * * that the defendant * * * is a corporation subject to corporate taxes which reduced the amount [of profits] accordingly," there is nothing to show that taxes in fact were paid although petitioner had the opportunity to show that if it could.

"where the infringement is wiliful".[30] On the facts and on the law, therefore, the Court of Appeals was correct in refusing to allow any deduction for income taxes from petitioner's profits.

Petitioner is closely held. It is wholly owned and its activities are directed by three members of the Popeil family, the gains of petitioner's business accruing directly and solely to them. The amount withdrawn by the Popeils became so great toward the end of the period of infringement that petitioner began to show losses on its sales of infringing products. Particularly in view of the "willful nature" of the infringement, the Court of Appeals was absolutely correct in holding that the profits withdrawn by the three Popeils who directed the infringement were not proper items of deduction from petitioner's net profits. The cases clearly support the court. *Graham* v. *Jeoffrey Mfg. Co.*, 253 F. 2d 72, 76 (CA 5, 1958) and *Flat-Slabs Patents Co.* v. *Turner*, 285 Fed. 257, 283 (CA 8, 1922).[31]

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[30] Petition, page 33. See cases cited by petitioner on that point. It is to be noted that in any event deductions are only allowable where taxes are actually paid. No evidence of the payment of any taxes appears of record.

[31] The cases cited by petitioner are quite clearly different. In *Stromberg Motor Devices Co.* v. *Zenith-Detroit Corp.*, 73 F. 2d 62 (CA 2, 1934), an opinion written by Judge Manton and dissented from by Judge L. Hand, the corporate president appeared to be a mere employee and not the owner of the corporate business. In *Clair* v. *Kastar*, 70 F. Supp. 484 (SD NY, 1946), the court allowed a deduction for salaries because they did not seem to be excessive and because it affirmatively appeared that the salaries did not appear to be distributions of "profits in disguise".

Here, quite clearly, defendant's "salaries" were excessive and were obviously distributions of profits in disguise (resulting in a substantial loss for one six-month period during the period of infringement). This Court in the case of *Providence Rubber Co.* v. *Goodyear*, 76 U.S. 788, 803 has indicated its disapproval of the distribution to managing officers of profits in disguise.

**PETITIONER'S ARGUMENTS CONCERNING THE VALIDITY OF CLAIM 2 ARE NOT PROPERLY BEFORE THIS COURT AND ARE DEVOID OF MERIT.**

Petitioner's tactics in this case to date have resulted in a complete failure of justice for respondents who have as yet been unable to recover upon a judgment affirmed by the Court of Appeals almost four years ago. Petitioner has taken six appeals and has filed an unheard of three motions for relief under Rule 60(b) each being based upon different so-called newly discovered evidence.[32] In each instance, though petitioner's diligence has been clearly suspect, the courts below patiently considered the motions on their merits, each time indicating that the newly proffered evidence did not alter their previous conclusions.

In 1960 petitioner filed a petition for writ of certiorari. That petition was filed after petitioner's first two appeals, those relating to the validity and infringement issues, were decided by the Court of Appeals and after the first Rule 60(b) motion was decided. It presented for this Court's consideration matters said to bear upon the validity of claim 2. That petition was denied on October 10, 1960.

No citation of authority is necessary to state that there must be an end to litigation. As difficult as it may be for a party to believe that it has lost, if the judicial process is to be workable, then adherence to the judgments and decrees of the courts, to the Acts of Congress and to the Rules of the courts must be observed. Petitioner has had much more than its day in court, in the courts below as well as in this Court on the issue of the validity of claim 2 of the patent.

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[32] This practice could be repeated indefinitely and if sanctioned could result in a situation where patents, as a practical matter, became unenforceable.

Therefore, insofar as the instant Petition raises points which were raised or which might have been raised in the first Petition to this Court, in accordance with 28 USC 2101(c) and with the prior decisions of this Court, those points should not be reconsidered. See *Toledo Scale Co.* v. *Computing Scale Co.*, 261 U.S. 399, 417-18.

On the first Petition, the Wilson and McCallay patent U. S. Patent No. 207,146, was brought to the attention of this Court. It is argued again, although not by name, as one of the reasons why the courts below were in error. It should not be considered again on this Petition.

As noted above, on its petition for rehearing before the Court of Appeals in 1960, petitioner induced that court to revise its judgment to affirm the District Court as to claim 2 only.(33) Immediately thereafter it attacked that claim in this Court as having been allowed "without independent examination," and as establishing a new "method of obtaining a patent monopoly *ab initio* from the courts."(34) Those contentions, of course, were patently erroneous, as was demonstrated in respondents' opposing brief. The same argument in substance is presented in the instant Petition at pages 14 to 17 where petitioner argues that a claim has been allowed which the Patent Office rejected. It is true that the Patent Office Examiner first rejected the claims of the Zysset application. That is done in at least 99% of the patent applications filed in the Patent Office. However, upon reconsideration to which applicants are entitled under the statute, 35

(33) *Supra* note 3.

(34) *Supra* note 4; first petition, pages 5 and 7.

USC 131, 132, the Examiner *allowed* both claim 1[35] and dependent claim 2 and the patent issued. There was no necessity for an appeal, as petitioner misleadingly suggests at page 17, for appeals are only taken from *repeated* refusals of an Examiner to allow claims, 35 USC 134.[36] The effect of petitioner's argument would automatically invalidate almost every claim of every patent which has ever been issued for it is the fact that at one time or another almost every patent claim has been rejected by the Patent Office, the rejection having been withdrawn in the case of each claim found in an issued patent.[37]

In no sense have the courts below sustained the patent in any manner inconsistent with what the Patent Office "experts"[38] did. The Patent Office allowed claim 2 as authorized by statute and pursuant to the Patent Office Rules of Practice only after examining those claims, and each of them, as required by statute, 35 USC 131. The courts found that the Patent Office had been correct in that allowance. The extract[39] from, and the case of *Securities & Exchange Commission* v. *Chenery Corp.*, 332 U.S. 194, are simply inapplicable here.

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(35) That claim 1 was subsequently found invalid has no bearing upon the validity of claim 2, see, for example, *Leeds & Catlin* v. *Victor Talking Machine Co.*, 213 U.S. 301, 319.

(36) "An applicant * * * whose claims * * * [have] been twice rejected, may appeal from the decision of the primary examiner to the Board of Appeals * * *."

(37) Nowhere has petitioner ever contended that claim 1 was automatically invalid because its predecessor was once rejected. That its contention with respect to claim 2 is mere argument, devoid of merit, is quite obvious.

(38) Cf. petition, page 17.

(39) Petition, pages 16 and 17.

The only other patents which petitioner added since the first Petition to this Court were several Swiss patents listed in its *third* motion under Rule 60(b). The Court of Appeals entered its judgment concerning those patents on June 3, 1963, pursuant to petitioner's Appeal No. 14007. Petitioner did not seek a rehearing in that Appeal and has *not* sought to have this Court review that judgment, petition, page 1. In fact it could not since this Petition was filed on October 15, 1963 more than ninety days subsequent to the judgment of June 3, 1963.[40] The Galant and Hoffman patents[41] brought to the Court of Appeals on Appeal No. 14007, are not before this Court.

It is clear, therefore, that there is no question concerning the validity of claim 2 which is before this Court because the points raised by petitioner either were considered in petitioner's 1960 Petition or were raised in an appeal which petitioner has not asked this Court to review.

In any event, the District Court and the Court of Appeals on the numerous occasions this case has been brought before them by petitioner, have repeatedly and consistently reaffirmed their belief and conviction in the validity of claim 2. The courts below have correctly considered claim 2 to incorporate by reference all of the elements recited in claim 1. With that petitioner agrees.[42] It is that overall combination which petitioner appropriated and which defined patentee's inventive contribution. The courts have considered all of the so-called newly discovered evidence and have found

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[40] See 28 USC 1254, 2101(c) and *Toledo Scale Co.* v. *Computing Scale Co.*, 261 U.S. 399, 417-18.

[41] Petition, page 13.

[42] Petition, page 5.

each time that the evidence did not anticipate the new, useful and inventive contribution of the patentee.

The Court of Appeals was correct on the facts and on the law governing patentability when it stated:

> "Contrary to the interpretation defendant seeks to place on *Zusset* v. *Popeil Brothers, Inc., supra*, upon which faulty premise defendant bases the relevancy of its newly cited prior-art references, it is abundantly clear that it is the single-piece sinuous blade in combination with the sinuous slot of the wiper cup, the housing, indexing feature and torsion clutch, all of which are included in claim 2, which was held to constitute patentable invention. It is the *combination* which was held valid and infringed—not any particular element thereof, *per se*. In *Zusset* v. *Popeil Brothers, Inc.*, it was pointed out (276 F. 2d 354 at 357, 124 USPQ 250, 252) that the sinuosity of the blade and slot in the wiper cup was an important element in the "combination claimed in the patent" and that:
>
> > 'It eliminated the problem of particles wedging between multiple blades without loss of the advantage of the additional chopping surfaces, and in *combination* with the indexing feature produced a result beyond that of mere mechanical improvement over existing art. A novel idea was incorporated. While it took mechanical skill to adapt the idea to practical use, and although the mechanics employed may have been obvious, the idea was not. It possessed the 'impalpable something which distinguishes invention from simple mechanical skill.' *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 71 S. Ct. 127, 129, 95 L. Ed. 162, 87 USPQ 303, 305.' (Emphasis supplied.) [318 F. 2d 701, 704]."

## CONCLUSION

An unconscionable delay in the recovery of damages adequate to compensate respondents for petitioner's willful and deliberate infringement has resulted from petitioner's repeated and unjustified petitions, appeals and Rule 60(b) motions. This cause was brought to this Court by petitioner three years ago on the judgment, final except for an accounting and final on the issue of liability. That petition was denied.

Petitioner now seeks to reopen judgments and other matters which, in accordance with the law, have become final and which, in the interest of justice and in accordance with the *desideratum* that all litigation must come to an end, should not be reviewed.

The patent is valid. It was deliberately infringed. The judgment of the Court of Appeals on the issue of damages was correct and consistent with the statutory and case law. There is nothing in this case or in the petition which merits this Court's consideration.

The petition for writ of certiorari should be dismissed.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I certify that the foregoing Brief was served by mailing copies of the same to Messrs. George B. Christensen, 38 South Dearborn Street, Chicago, Illinois 60603, Dugald S. McDougall, 135 South LaSalle Street, Chicago, Illinois 60603 and Jay Erens, 100 South Wacker Drive, Chicago, Illinois 60606, attorneys for Petitioner, this 21st day of November, 1963.

/s/ ALBIN C. AHLBERG

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DEC 11 1963
JOHN F. DAVIS, CLERK

IN THE

# Supreme Court of the United States

OCTOBER TERM, 1963.

**No. 554**

POPEIL BROTHERS, INC.,

*Petitioner,*

*vs.*

KARL ZYSSET AND NEW-NEL KITCHEN PRODUCTS COMPANY,

*Respondents.*

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

## PETITIONER'S REPLY TO RESPONDENTS' BRIEF IN OPPOSITION.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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## PETITIONER'S REPLY TO RESPONDENTS' BRIEF IN OPPOSITION

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1. The Petition for Certiorari demonstrated that the decision of the Court of Appeals for the Seventh Circuit is violative of, and if permitted to stand, will make a deep inroad into, the "rather severe test" heretofore insisted on by this Court for determining the validity of combination patents. Unable to contradict that demonstration, Respondents advance not a syllable of argument attempting to justify the decision on patentability.

If the Zysset patent were other than a mere unpatentable aggregation of old elements, each separately performing its time-worn function, it is a certainty Respondents would have shown the new or different function created by the combination. That was impossible. As a consequence, Respondents have been forced to argue not that the decision on patentability is right, but that there is nothing this Court can do about it. That argument is devoid of merit and is based upon gross misinterpretation of the record and of established rules of judicial procedure.

But the fact of overriding importance in determining whether the writ should issue is that on the question of patentability the inescapable fact is that, for this Court's specific, demonstrable, objective test of whether new result, or function, has been created by a combination, (heretofore the *sine qua non* of combination patentability), the Court of Appeals has substituted a test of mere novelty of combination or structure which produces no new result or function.

2. On the damage issue the Brief in Opposition seeks to justify the award of all of Petitioner's profits, not by demonstrating harmony between the Circuits as to use of "profits", either those made by the infringer or those shown to have been lost by the patentee, as a complete or partial measure of damages, but by asserting repeatedly that this is a case of "wilful and deliberate infringement." Those assertions have no bearing on the proper measure of *compensatory* damages and are gross and reprehensible misrepresentations of the record:

In the District Court's findings of October 3, 1958 on *validity*, and at a time when the question of wilfulness was irrelevant, there was a finding of wilfulness (App. 35 a). However after the Court of Appeals had found that the principal claim of the Zysset patent was invalid and further evidence on validity and damages had been heard,

and at a time when presence or absence of wilfulness *was* material, the District Court found, on July 13, 1962, that:

> "* * * the defendant did get legal counsel before acting in this case and that counsel was to the effect that plaintiff's patent was invalid. For all reasons herein set forth, the court does not allow any exemplary damages to the plaintiff" (App. 64 a).

*That* is the governing finding and it negates wilfulness. Even the Court of Appeals did not approve punitive or exemplary damages, nor award attorneys' fees.

The question as to the measure of recovery, therefor, must be considered in an atmosphere cleansed of the misrepresentations of wilfulness. And so long as exemplary damages are not involved, "wilfulness" is not germane to the measure of compensatory damages under the statute.

## I.

## THE COURT OF APPEALS' HOLDING PROMULGATING A NEW AND LOWER STANDARD OF INVENTION FOR COMBINATION PATENTS IS PROPERLY PRESENTED FOR REVIEW.

Respondents argue that the question of the validity of Claim 2 is not open for review because (a) this Court denied a Petition for Certiorari from the Court of Appeals' decision upon interlocutory appeal upholding Claim 2, and (b) because no review is now sought of the Court of Appeals' judgment in its cause No. 14007 which was concerned with Petitioner's application for relief from judgment in the District Court. Neither point is tenable:

**(a) The Denial of Certiorari on the Interlocutory Appeal is Immaterial.**

Nothing is better settled than that denial of certiorari with respect to an interlocutory judgment in a patent or trademark case does not preclude the granting of certiorari on the subsequent final judgment and that on such "review of a final decree [the Court] can reach back and correct errors in the interlocutory proceedings below, even though no attempt was made to secure review of the interlocutory decree or even though such an attempt was made without success. *Toledo Scale Co.* v. *Computing Scale Co.*, 261 U. S. 399, 418 (1923); *Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*, 240 U. S. 251, 257-258 (1916)." *Stern & Gressman*, Supreme Court Practice 19 (3rd ed. 1962).[1]

In *Hamilton-Brown Shoe*, cited by Stern & Gressman, and in which a petition for certiorari to review an interlocutory judgment on validity of a trademark was denied, but one to review the final judgment after damages had been assessed was granted, this Court stated:

> "This Court in now reviewing the final decree by virtue of the writ of certiorari, is called upon to notice and rectify any error that may have occurred in the interlocutory proceedings"; (240 U. S. at 258).

At the time (1960) the Petition for Certiorari to review the interlocutory decision was filed here, the record did not

1 Respondents' citation of the *Toledo Scale* case, cited by Stern & Gressman, for the proposition that this Court will not review points which were raised, or might have been raised, in an earlier Petition for Certiorari is a mis-citation of that case. *Toledo Scale* expressly framed the principle stated in the text, but held that where the previously denied Petition for Certiorari had been filed to review a *final* decree, the Court had no *power*, after the statutory period for review of the final decree had passed, to review that decree upon a new Petition for Certiorari filed to review collateral proceedings.

present the validity issue actually decided by the Court of Appeals for the case had been tried solely on the question of asserted novelty in the rotating or indexing mechanism (Claim 1). No findings had been requested or made, by the District Court as to the validity of Claim 2 as an independent claim (App. 21 a, et seq.). When the Court of Appeals, in its first decision, held the indexing mechanism to be old and struck down Claim 1, but upheld Claim 2 on the strength of believed novelty in the sinuous blade and wiper cup (App. 41 a), it made a *new* finding that had been made *neither* by the Patent Office *nor* by the District Court.[2] Petitioner then filed in this Court a "Petition for Certiorari and Motion to Vacate Portion of Court of Appeals' Judgment and Remand to the District Court." The prayer was that "this Court enter its order vacating so much of the order of the Court of Appeals as finds Claim 2 of the patent to be valid and infringed and remanding the case to the Court of Appeals with directions for it to remand to the District Court, or, in the alternative, remanding directly to the District Court with directions for it to consider and determine the validity of Claim 2 in light of the fact that Claim 1 is invalid" (No. 232, Oct. Term 1960, Petition and Motion, p. 13). That petition was denied by this Court.

The Wilson and McCally patent with its "curved or zig-

2 The suggestion in the Brief in Opposition that Petitioner "*induced*" the Court of Appeals to affirm the District Court as to Claim 2 is grossly improper. The original *opinion* of the Court of Appeals clearly held that the indexing device in the Zysset patent (Claim 1) was old, but inconsistently the original *order* affirmed the District Court as to both Claims 1 and 2. On Petition for Rehearing, Petitioner pointed out that the only *order* which the Court of Appeals could enter consistent with its opinion, right or wrong, was one reversing the District Court as to Claim 1 and affirming only as to Claim 2. The Court of Appeals modified its order (App. 44a). This was quite different from urging the court to uphold Claim 2. Petitioner always has denied the validity of both claims.

zag" knife or knives and "correspondingly formed clearing plates." (Cons. Add'l App. 10b) was referred to, as counsel assert, in the first Petition for Certiorari as a matter of general information, but the patent itself was not then actually in the record. One of the reasons for the Motion to Remand was to permit it to be placed in the record so that it could be considered by the District Court and, if necessary, by the Court of Appeals and ultimately by this Court as we now ask. The District Court did later receive the Wilson and McCally patent and this led to the Court of Appeals' second opinion by which it retreated from its initial holding that Zysset's "sinuous" blade and correspondingly formed wiper cup constituted invention and announced that a combination of old elements into a single structure is patentable if no one has combined them before, even though each such element performs exactly, and only, its own independent function and no new result is demonstrable. It is this shocking and revolutionary inroad into the standard of invention which is now before this Court for the *first time*.

**(b) The Fact That No Review is Sought of the Court of Appeals' Judgment in its Appeal No. 14007 is Immaterial.**

Appeal No. 14007 was an appeal from the District Court's denial of Petitioner's Motion for Relief from Judgment which motion was filed after the District Court's final decree. Review of the denial of that motion is not necessary to determine the question of validity which is otherwise presented by the record. The Court of Appeals' opinion squarely holds, even on the evidence in the record *prior* to the final decree, that *every* element of Zysset's combination was old and unpatentable (App. 10a-11a) but nevertheless that one may combine an assortment of old

elements, never before combined and obtain a patent thereon, even though they do not cooperate together to achieve any new result or function. This novel doctrine is fully open for review quite apart from the ruling in appeal No. 14007.

### (c) The Court of Appeals Has Promulgated a New and Lower Standard of Invention.

As predicted (Pet. 11-12), Respondents, without argument or demonstration, have given a quotation from the Court of Appeals' opinion in an effort to persuade that that Court did find a new result was produced by Zysset's combination of old elements. They do this by quoting (Br. 30) a paragraph from the second opinion which in turn, quotes *part* of a paragraph from the first opinion, stopping just short of the key sentence therein which stated:

> "Here the *sinuous blade constituted invention* although found in a combination of other elements which were old in the art." (App. 41a; 276 F. 2d at 357. Emphasis added.)

The only new, or allegedly improved "result", or novelty, ever hinted at by the Court of Appeals, was that of the sinuous blade. Because this was clearly erroneous it was abandoned by the Court of Appeals in its second opinion. The inescapable fact thus emerges that the Zysset patent is simply an aggregation of old elements that achieves no new result. Although repeatedly challenged (See Pet. p. 13), Respondents have been unable to demonstrate that Zysset combination produces any new or different result or function.

This is not an isolated monopoly creating decision by the Court of Appeals for the Seventh Circuit. It is one of several recently handed down; all of which reflect a general philosophy that the first user of a device should have

monopoly protection even though the device is unpatentable (*Compco Corp.* v. *DayBrite Lighting, Inc.*, No. 106, this Term; *Sears Roebuck & Co.* v. *Stiffel Co.*, No. 108, this Term), or that combinations that fail to meet usual patent tests but which have proved commercially successful nevertheless should be sustained as valid patents. (*Copease Mfg. Co.* v. *American Photocopy Equipment Co.*, 298 F. 2d 772 (7th Cir. 1961); *Devex* v. *General Motors Corp.*, 321 F. 2d 234 (7th Cir. 1963); Pet. for Cert. filed November 12, 1963, No. 618, this Term; *Ekco Products Co.* v. *Chicago Metallic Manufacturing Co.*, 321 F. 2d 550 (7th Cir. 1963), Pet. for Cert. filed November 12, 1963, No. 616, this Term).

This case, *Devex*, No. 618, this Term, and *Ekco Products Co.*, No. 616, this Term, all present instances of a disregard by the Seventh Circuit of the standard of invention insisted on by this Court in combination patents. We submit that *certiorari* should be granted here; indeed, the case well could receive summary, *per curiam* reversal on the simple ground that the elements required by *Great Atlantic & Pacific Tea Co.*, summarized at page 9 of the Petition, were not found either by the District Court or the Court of Appeals.

But if the court should choose not immediately to grant certiorari, this case surely should be held pending disposition of the other cases we have referred to, for the cases collectively present a situation in which the Seventh Circuit's lax standards threaten to undermine those heretofore prevailing throughout the country.

## II.

## THE COURT OF APPEALS SUSTAINED THE PATENT ON A GROUND REJECTED BY THE PATENT OFFICE.

We have never contended that a previous rejection on grounds of non-inventiveness, *once it is reversed* by the patent office, destroys the validity of the subsequently granted claim. However, in the present case, the examiner's holding that the addition of a sinuous blade and wiper cup to Zysset's combination did not "involve invention" *was never reversed* by the patent office. The Examiner ultimately allowed base Claim 1 which was predicated solely on the alleged novelty of the indexing device. Dependent Claim 2 thereupon, because it incorporated the indexing device and further limited it, became automatically patentable so far as inventiveness was concerned. At no time did the patent office make any finding that the addition of the sinuous blade and wiper cup made the combination described in Claim 2 independently inventive apart from the invention found in Claim 1 and carried into Claim 2. The examiners's holding that it did not stands unreversed.

## III.

### THE COURT OF APPEALS' HOLDING ON DAMAGES RAISES IMPORTANT QUESTIONS OF LAW UNDER 35 U. S. C. SECTION 284.

The dire consequences of the damage award are obscured by the Brief in Opposition:

> Many patents of questionable validity are issued. Competitors of the patentee must decide, with the aid of skilled, but fallible, patent lawyers, whether the patentee is justly entitled to the monopoly he asserts. Here Zysset, in the opening paragraph of his patent (App. 86a) admitted that household choppers similar to his were well known, but believed he was contributing the unique advantage of rotating the blade only during the final stage of its up-stroke. Zysset was wrong on his basic claim. This was all in the public domain and Popeil was entitled to full use of it. Yet, because Popeil's lawyers did not foresee that a Court of Appeals would announce that a dependent claim of the patent could stand as an independent invention, Popeil is to go to the wall under a damage award that would take from it far more than Respondents lost because of, or would have made but for, the asserted infringement.
>
> If such penal awards are permissible, no manufacturer or merchant who can be sued in the Seventh Circuit will dare contest a questionable patent for no patent lawyer, no matter how great his knowledge and experience, nor how deep his good faith, can predict with certainty the outcome of litigation. It is quite one thing to contest in good faith a questionable patent where the penalty, if one proves to be wrong, is payment of just compensation; quite another, where the penalty, if one is *even partially wrong*, is economic death. The instant decision on damages turns questionable or half valid patents, in the Seventh Circuit,

into vicious instruments of economic oppression by which a partially wrong patentee may take from a partially wrong infringer far more than the patentee shows he has lost or has been damaged.

We respectfully suggest that this Court should construe the statute and determine whether it authorizes so inequitable a result.

A.

When Congress, in 1946, deleted the word "profits" from the old statute's dual standard of "profits" and "damages" and then elaborated on the latter term to make it read "damages *adequate to compensate* for the infringement" it was not performing an idle act. We suggest it was abandoning the "trustee" theory of profits and was providing that patentees should recover only their actual loss or damage, save in cases where the circumstances warranted punitive relief. Under no stretch of semantics can it be said that an award of all profit earned by an infringer is necessary to "adequately compensate" the holder of a partially invalid patent for what it has lost *unless* the plaintiff proves it would have earned such profits in the absence of infringement.

Respondents assert that we have argued that the damage statute should be construed to mean that a "reasonable royalty" should be the ceiling, as well as the floor, of all infringement recoveries. We make no such contention. On the contrary, it is precisely because the legislative history of the statute and the conflicting opinions of the various circuits make it clear that "profits" *may* enter into an infringement recovery that this Court should grant certiorari to determine under what circumstances, whose profits, how measured, and how proximately connected with the infringement, may be "considered."

Respondents attempt to create the illusion that the case

law is consistent between the circuits by asserting that many cases hold (and no one has denied that fact) that a defendant's profits may properly *be considered*, although not awarded as such, in awarding "damages." But that doctrine, and whatever "consideration" may mean, begs the issue and does not justify the instant decision which *does* award Petitioner's profits *as such* and does so without pretense of a finding that Respondents would have made such profits absent the asserted infringement.

The cases since 1946 are in the irreconcilable confusion demonstrated at pages 22-27 of the Petition. For example, the Ninth Circuit's rule that a patentee "may be awarded damages for *his loss of profits* resulting from the infringement" (*Faulkner* v. *Gibbs*, 199 F. 2d 635, 638, 9th Cir., 1952) cannot be squared with the Seventh Circuit's rule here: "* * * the actual profits *of the defendant* were determinable * * *. Unless the nature of the case makes the employment of *such* measure of damages improper, or inequitable it should apply" (App. 16a). The effect of the instant decision is to sweep aside the concept of *compensatory* damages and to authorize a more sweeping and less discriminating "profits" recovery than ever was authorized by the old law.[3] This Court, we submit, should

3. The Brief in Opposition seeks to justify the present award by references to *Duplate Corp.* v. *Triplex Safety Glass Co.*, 298 U. S. 448 (1936), from which the sentence "The wrongdoer must yield the gains begotten of his wrong." is wrenched out of context. Although certiorari papers do not permit adequate discussion of individual cases, it should be noted: (1) *Duplate* was one of the confusing and difficult cases under the old statute that led to the 1946 statute; (2) factually it was wholly dissimilar because it involved a completely valid patent and the infringer would have made no profits whatsoever in the field involved but for the infringement; and (3) the infringer drove the patentee's licensee out of business whereas here the experienced District Court found Respondents' competition "was a blessing in disguise" (App. 64a) for the patentee and his licensee. *Duplate* hence has no relevance save as a point of departure for construction of the present statute's standard of "damages adequate to compensate."

determine whether Congress ever authorized such a holding.

B.

Respondents would attribute to us a contention that the Court of Appeals should literally have "apportioned" the profits between infringing and non-infringing features of Petitioner's product. In the case of an asserted combination patent which, by its terms describes an entire device, the principle of "apportionment" cannot literally be applied as between infringing and non-infringing portions of the structure, as can be done where the patent covers only one part of a device. But the basic principle of proximate cause which underlies "apportionment" does apply, *i. e.*, the principle of ascertaining the *portion* of profits which would not have been earned but for *the features* which give the device its asserted patentability. As applied to this case, it must be remembered, as the patent itself recites (App. 86a), that food choppers operating in a bell-like housing, and without rotation and with variously shaped blades and wipers, are old, have been ordinary household items for years, and may be made by anyone. An omission of any *one* of the numerous elements recited in Zysset's patent would render a competing chopper of generally similar nature non-infringing.

From this it follows that the rules of proximate causation require a determination of how many fewer devices Petitioners would have sold had any one of the elements recited in Zysset's combination been omitted. *Only* the difference between the profits earned from the sale of choppers embracing Zysset's entire combination and those which would have been earned from selling a chopper lacking one or more elements of Zysset's combination could

be recoverable. *Singer Mfg. v. Cramer*, 109 F. 652 (9th Cir., 1901); *Dunkley v. Central Calif. Canneries*, 7 F. 2d 972 (9th Cir., 1925); *Horvath v. McCord Radiator & Mfg. Co.*, 100 F. 2d 326 (6th Cir., 1938).

Respondents contend that *Westinghouse Co. v. Wagner Mfg. Co.*, 225 U. S. 604 (1912) imposes the burden of proof in this regard on *defendant*. This is decidedly not true. That case holds that, as in any other tort case, *plaintiff* has the burden of proximate cause at least until he shows that defendant has by its own act made it impossible for plaintiff to sustain that burden. No such showing was even attempted. Moreover, even if Petitioner had had the burden of proof, it sustained that burden by showing that it sold 1,275,000 non-infringing choppers without automatic rotation and without wiper cups (App. 55a). It is clear that the Court of Appeals simply felt that Respondents were entitled to all of Petitioner's profits and that any consideration of proximate cause of damages, regardless of who had the burden thereon, was immaterial.

C.

Respondents take shocking liberties with the record in an attempt to explain the Court of Appeal's treatment of normal items of deduction from profits—ordinary, non-excessive corporate officers' salaries, and income taxes. Neither item is a part of corporate profits on any theory of profits. Yet, the Court of Appeals refuses to allow them to be deducted from gross profits. The treatment of these items is demonstrative of the complete mischief this decision will work throughout the country (or, if not accepted in other circuits, of how it will turn the Seventh Circuit into a patent plaintiff's heaven). These items have been until now, and the Brief in Opposition cites not a relevant decision to the contrary, standard items in law, and in accounting and common business practice, of cost or expense against gross profits.

In the case at bar, there is no finding that any officer took an excessive salary or that salaries were "a distribution of profits in disguise". With respect to taxes, it was unnecessary for the District Court to go into this subject atall because it awarded a recovery based solely on a royalty. The Court of Appeals' opinion, however, would preclude any investigation as to what the actual amounts taxes were.

## CONCLUSION.

Respondents avoid the question as to patentability and advance make-weight arguments as to damages. The case is of importance to the structure of patent law. It would be a service to the country if the writ were granted.

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MOTION FILED JAN 3 1964

IN THE

# Supreme Court of the United States

OCTOBER TERM, 1963.

**No. 554**

POPEIL BROTHERS, INC.,

*Petitioner,*

*vs.*

KARL ZYSSET and NEW-NEL KITCHEN PRODUCTS COMPANY,

*Respondents.*

## MOTION FOR LEAVE TO FILE NEW AND ADDITIONAL CONFLICTING AUTHORITY IN SUPPORT OF PETITION FOR CERTIORARI (AND APPENDIX).

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## MOTION FOR LEAVE TO FILE NEW AND ADDITIONAL CONFLICTING AUTHORITY IN SUPPORT OF PETITION FOR CERTIORARI.

Petitioner respectfully shows that since its Reply was filed the United States Patent Quarterly published the November 21, 1963 decision of the Court of Appeals for the Sixth Circuit in *Holstensson* v. *V-M Corporation*, 139 USPQ 401,* which, on the standard of patentability applicable to combinations, is in direct conflict with the opinion of the Court of Appeals for the Seventh Circuit in this case.

Wherefore, petitioner prays leave to cite the *Holstensson* case in support of its Petition for Certiorari, and as cause for granting such leave respectfully shows:

*Holstensson* involved a combination patent covering an

* Because the opinion is not yet reported in the Federal Reporter, full copy is printed as an Appendix hereto.

automatic phonograph mechanism that permitted playing an uninterrupted succession of records. The patent combined several old elements with a new element, a hollow spindle for holding the records. Nonetheless, the Court of Appeals for the Sixth Circuit held a patent on the combination invalid, saying:

"* * * In the case at bar, one of the elements, the spindle type record dropper was new and constituted invention. This invention was combined with another element, the cycling mechanism, which was old and disclosed in the Arvidius patent. We, therefore, deal with a combination which brings together the new and the old. Such combinations have been held patentable as such, *William Mfg. Co. v. United Shoe Mach. Corp.*, 316 U. S. 364, 86 L. Ed. 1537, 53 USPQ 478; *Leeds & Co. v. Victor Talking Mach. Co.*, 213 U. S. 301, 53 L. Ed. 805. But to be so *it is necessary that the old contribute something more than mere presence, to the functioning, the utility and the novelty claimed to provide patentability for the total combination. Lincoln Eng'r Co. v. Stewart-Warner Corp.*, 303 U. S. 545, 549, 82 L. Ed. 1008, 1010, 37 USPQ 1, 3; *DeBurgh v. Kindel Furniture Co.*, 125 F. Supp. 468, 476, 103 USPQ 203, 208-209, affirmed, *DeBurgh v. Kindel Furniture Co.*, 229 F. 2d 740, 109 USPQ 27 (CA 6, 1956), 1 Walker, Patents, § 41 (Deller ed. 1937). *We feel that what was sought to be done with the new spindle type record dropper here was not unlike the Supreme Court's characterization of the inventor's conduct in Lincoln Engineering—'having hit upon the improvement he did not patent it as such but attempted to claim it in combination with other elements which performed no new function in his claimed combination.'* (303 U. S. 549, 82 L. Ed. 1010, 37 USPQ at 3)

"We think * * * it is fair to say that the old Arvidius cycling mechanism, claimed again in Claim No. 1 of the patent in suit, contributed no more to the operation of the claimed combination than the electric motor which provided the power for rotating the turntable. We recognize that the cycling mechanism, insofar

as it cooperates with the method for playing records of different sizes may, with new attachments not shown in the old Arvidius mechanism, do so, but Claim 1 here involved has nothing to do with a method for playing different size records.

"The claims are the measure of invention, *Smith* v. *Snow*, 294 U. S. 1, 11, 79 L. Ed. 721, 728, 24 USPQ 26, 30; *Continental Paper Bag Co.* v. *Eastern Paper Bag Co.*, 210 U. S. 405, 418, 32 L. Ed. 1122, 1128; *Patrol Valve Co.* v. *Robertshaw-Fulton Controls Co.*, 210 F. 2d 146, 152, 100 USPQ 239, 243.

"We hold that Claim 1 does not disclose a patentable combination." (Emphasis supplied.)

Quite contrary to the doctrine of the Sixth Circuit, the Seventh Circuit, in the case at bar, stresses the uniqueness of the combination and not the creation of new function or new interaction of elements, old or new, as the touchstone of patentability. It expresses this several ways, saying:

> "It is the *combination* which was held valid and infringed—not any particular element thereof, *per se*. * * * The sinuosity of the blade and slot in the wiper cup was an important element in the 'combination claimed in the patent' * * *." (App. 9a.)

In distinguishing the *Wilson & McCallay* convoluted tobacco chopper patent the Seventh Circuit here says:

> "Its disclosure of a sinuous blade and clearing plate is not an anticipation of the *combination* of Zysset." (App. 11a.)

And in distinguishing subsequently found European patents, it again says:

> "Neither of these discloses or anticipates the *combination* of Zysset." (App. 11a.) (Emphasis court's in three foregoing quotations.)

The Court of Appeals for the Seventh Circuit stands on the doctrine enunciated in its first opinion herein that a combination is patentable if "none of the prior art refer-

ences disclose *in combination* the *structure* of the patent in suit" (App. 40a-41a; emphasis supplied), *i.e.*, a combination is patentable if it structures into a single device a series of *old* elements which never before have been put into a single structure, and, in such case, no finding of interaction of the elements one with the other to produce any new function is necessary. The Court of Appeals for the Sixth Circuit in *Holstensson* says that even though an inventive *new* element is introduced into a combination (not true here), only the *new element* is patentable; the *combination* as such is not patentable even though it be unique, *unless* the old elements co-operate with the new to achieve a new function.

The Circuits are in irreconcilable conflict. The completeness of the conflict is irrefrangable for the *Holstensson* patent was litigated in the Seventh Circuit in 1957 before the same District Judge who decided this case *and was held valid*. (*Holstensson v. Webcor, Inc.*, 150 F. Supp. 441; no appeal taken.) The new decision of the Court of Appeals for the Sixth Circuit holding the *Holstensson* patent *invalid* tactfully says (139 USPQ at 414) that certain arguments were presented in the Sixth Circuit that did not appear to have been advanced in the Seventh Circuit, but that suggestion does not avoid the fact that one kind of patent law as to combination patents is being applied in the Sixth Circuit and a quite different, far less rigorous, kind in the Seventh Circuit. If the law laid down in *Holstensson* is correct, the *Zysset* patent at bar is worthless. The principles followed by the Seventh Circuit in the case at bar (and in *Devex* v. *General Motors Corp.*, No. 618 this Term, and *Ekco Products Co.* v. *Chicago Metallic Manufacturing Co.*, No. 616 this Term, see Reply p. 8), are at war with those followed by the Sixth Circuit.

Petitioner submits that *Holstensson* follows the teaching of *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equip-*

*ment Corporation*, 340 U. S. 147 (1950), and the other cases cited in the Petition, whereas the decision at bar, paying but lip service to *Great Atlantic*, devitalizes it. But, in any event the conflict should be stilled.

Moreover, *Holstensson* gives added emphasis to a suggestion of our Reply: If the Seventh Circuit is allowed to continue its present course, it is a certainty that holders of questionable combination patents will flock to it as a place for litigation because its low standard of invention, coupled with its Draconian construction of the damage statute, place such patentees in positions of tremendous economic leverage—one who in good faith reliance on *Great Atlantic* questions such a patent must gamble against a lower and whimsical standard of invention, and, if he be wrong at all, against a damage award which in fact is punitive rather than compensatory. Such a situation, in a large commercial circuit, should not be countenanced. Only this Court can bring it to an end.

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# APPENDIX.

## Court of Appeals, Sixth Circuit

HOLSTENSSON et al. v. V-M CORPORATION

No. 14812 · Decided Nov. 21, 1963

**Patents**

1. **Evidence—Foreign patents and applications (§ 36.15) Joinder of invention—In general (§ 42.1)**

Inventors provided evidence that specific device was a separate invention, independent of specific mechanism, by applying for and obtaining separate foreign patent limited to specific device.

2. **Patentability—Aggregation or combination—Improving old element (§ 51.155)**

Combinations of new and old elements have been held patentable as such, but the old must contribute something more than mere presence to the functioning, utility, and novelty claimed to provide patentability for the total combination.

3. **Construction of specification and claims—Claim defines invention (§ 22.30)**

Claims are measure of invention.

4. **Presumption from patent grant—Patent Office consideration of prior art (§ 55.5)**

Statutory presumption of patent validity is weakened if there is applicable prior art not considered by Patent Office.

**5. Patentability—Aggregation or combination—Improving old element (§ 51.155)**

Owner of patent which, in part, contains patentable invention is denied recovery from one who infringes the part which is invention where patent is not a true combination and claims as part of the invention that which is old and disclosed in prior patent; policy of patent law visits total forfeiture upon patent which attempts to extend its monopoly to something already patented.

**6. Specification—Sufficiency of disclosure (§ 62.7)**

Applicant for improvement or combination must particularize as to what is old and what is new.

**7. Patent grant—In general (§ 50.01)**

There is no natural or common law right to a monopoly of an invention; applicants for such monopolies under Article I, Section 8, Clause 8 of Constitution must comply with requirements that Congress insists be met as condition to exercising such monopoly.

**8. Patentability—Aggregation or combination—Improving old element (§ 51.155)**

Inventor may gain monopoly for inventive improvement to existing device simply by limiting claim to that which he invented.

**Particular patents—Talking Machine**

2,291,158 Holstensson and Arvidius Talking Machine for Playing a Plurality of Records in Succession, claim 1 invalid.

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Appeal from District Court for Western District of Michigan, Kent, J.; 131 USPQ 137.

Action by Axel Harald Holstensson and Glenville Industries, Inc., against V-M Corporation for patent infringement. From judgment for plaintiffs, defendant appeals. Reversed.

John A. Dienner, Chicago, Ill. (Edward C. Grelle, Chicago, Ill., and Joseph D. Haertwig, Benton Harbor, Mich., on the brief) for appellant.

Donald J. Simpson, Chicago, Ill. (Lewis T. Steadman, Chicago, Ill., and Robert G. Howlett, Grand Rapids, Mich., on the brief) for appellees.

Before Miller and O'Sullivan, Circuit Judges, and William E. Miller, District Judge.

O'Sullivan, Circuit Judge.

This appeal involves the validity and charged infringement of United States Patent No. 2,291,158, issued on July 28, 1942, to A. H. Holstensson, as joint inventor with and assignee of, S. P. Arvidius. The claimed invention related to "talking machines for playing a plurality of records in succession." On November 4, 1954, Holstensson filed this action against defendant-appellant, V-M Corporation, a manufacturer of record players, charging its infringement of the claims of said patent. During the pendency of the action, plaintiff Holstensson assigned his rights in the patent to Glenville Industries, Inc., who thereafter prosecuted the action. Defendant denied infringement and for numerous reasons, some of which we discuss hereafter, charged that the patent was invalid. As the case was tried, only Claim No. 1 of the patent in suit was involved. The District Judge held that Claim No. 1 was valid and infringed by defendant. On July 28, 1958, the patent expired

so that the relief sought is limited to damages allegedly suffered prior to the patent's expiration.

The patent in suit can be sustained, if at all, only as a patentable combination. Its Claim No. 1 and its specifications describe old art and previously patented subject matter. Plaintiff, however, asserts that some of the elements of Claim No. 1 are new and that their co-action with whatever is old in the total mechanism endows the claim with validity as a patentable combination. The respective positions of the parties are partially exposed by defendant-appellant's Statement of Question Involved, which reads:

> "Does the improvement of one part of an old combination give the right to claim, in a patent, that improvement in combination with other old parts which perform no new function in the combination?"

and by plaintiff-appellee's Counter-Statement, which reads:

> "Is the combination of mechanical elements defined by Claim 1 of Patent No. 2,291,158, certain elements of which are new, a patentable combination of elements rather than 'an old combination' of elements?"

In addition to its contention that the involved patent does not disclose a patentable combination, defendant asserts that it is void for overclaiming.

A. H. Holstensson and S. P. Arvidius were both residents and nationals of Sweden. Arvidius was an inventor and Holstensson a manufacturer. About 1934, Arvidius went to work for Holstensson. He invented a record player which, as early as 1934, was exhibited and marketed in Europe. He assigned his rights to such invention to Holstensson who obtained a patent therefor in Sweden on August 18, 1936. The United States rights to this invention, however, were retained by Arvidius. On November 1, 1934, Arvidius applied for a U. S. patent therefor. He obtained an original patent on it in 1936, and a reissue

thereof on August 9, 1938, (Reissue No. 20,819). In this opinion, we refer to such patent as the Arvidius patent.

This Arvidius patent described a record player which automatically accomplished the essential functions required for playing in succession and without manual intervention, a series of records. These functions were stated by the District Judge to be the dropping or placing of a record onto a turntable, the swinging of the arm, carrying the needle, into playing position, the lowering of such arm, called the tone arm, to have the needle enter the grooves of a record, the playing of the record, the raising of the tone arm when the record has been played, the then swinging of it to the side so another record could be dropped onto the turntable and the automatic repetition of these operations until all of the records have been played. For our discussion, we combine and group all of these functions under two titles, viz: the record dropping mechanism and the cycling mechanism, the latter moving and controlling the cyclic movements of the tone arm.

In the Arvidius patent, the record dropping was accomplished by what was referred to as the "slicer" method. Oppositely disposed on either side of the turntable are two rotatable uprights (posts). On the top of each are two horizontal blades with a common pivot, but separated horizontally a distance equal to the thickness of a record. The records to be played are threaded over a central solid spindle and supported by having the outer edges of the lowermost record rest on the blades of the upright posts. When the tone arm has been swung to the side by the cycling mechanism, the lowermost record is dropped to the turntable by reciprocations of the slicer blades, releasing the lower record, but automatically reacting to restore support to the remaining unplaying records. A complex of gears, cams, pins, pinions, springs, etc., located on a base

platform to the side of and below the turntable so cooperated that all functions were performed in cyclic sequence, the activation of the slicers occurring when the tone arm had been swung out of the way of the dropping record. Then began again the cycle wherein the tone arm is swung back to playing position at the edge of a new record, the record is played and the automatic movements continue to the next dropping of a record through the reciprocations of the slicers. The reciprocations of the slicers result from a "push-pull" movement of a link located beneath the turntable, operating off of the cycling mechanism. This link is connected at its ends to levers attached to the rotatable uprights, and by which they move to reciprocate the slicer blades. Such method of record dropping combined with the cycling mechanism to make up the Arvidius patent. The patent described an entire machine, with Figures 1 to 8, which comprehended both the record dropping and cycling mechanism. The inventor stated:

> "This invention relates to automatic gramophones of the kind in which a pile of records is supported centrally above a turntable, the records being dropped one at a time upon the turntable and played in succession.
>
> "The invention has for its object to provide an improved mechanism for effecting the necessary motions of the movable arm carrying the reproducing needle, and for actuating the means carrying the pile of records so as to cause a fresh record to be dropped upon the turntable after playing of each preceding record.
>
> "Further objects of the invention are to provide a mechanism of this character which is reliable in its operation and comparatively simple and inexpensive in its construction and which can be readily applied as an attachment, if desired, to existing gramophones of any conventional type.

"With this and other objects in view, the invention consists in certain novel features of construction, combination and arrangement of parts as will fully appear as the description proceeds, the novel features thereof being pointed out the appended claims."

The patent in suit, which we call the Holstensson patent, was applied for in 1938 by Holstensson and Arvidius as joint inventors. They described the device sought to be patented as a "Talking Machine for Playing a Plurality of Records." As to Claim 1 of the patent, our review of its language, the accompaning specifications and the evidence received at the trial of this case, persuades us that it discloses the old Arvidius patent except as to the record supporting and dropping mechanism. In place of the old "slicer" method, the new application provided for the records to be supported above and dropped onto the turntable through the use of a central hollow spindle with an offset shoulder thereon in its upper portion and containing a lever so arranged and operated as to push the lowermost record off of the shoulder sideways so that its hole would engage the lower section of the spindle and drop to the turntable. When such displacement was completed, the lever, by spring action, moved back to its previous position, there to remain inactive until, at the proper time within the cycle, it was to drop another record. The lever contained within the hollow spindle extended, within said spindle, from where the latter was provided with the offset shoulder, down through the turntable where its lower end was connected to a link. When activated by, and operating off of, the cycling mechanism located below the turntable, this link, by a "push-pull" movement rocks the lever within the spindle to bring about the dropping of a record. This accomplished, the link and lever remain inactive while the tone arm, controlled by the cycling mechanism, goes through its cycling movements and it is again time to drop a record.

Between the respective "push-pull" movements of the links which activate the record dropping both by the slicer and the spindle method, the record players described and patented by the old Arvidius patent and the Holstensson patent in suit bring about the automatic playing of records in the same way and by the same means.

This, then, is the lawsuit before us. A reissue patent granted on August 9, 1938, on an application made on November 1, 1934, describes and claims as its inventions a record dropping mechanism and a cycling mechanism (the Arvidius patent). A second patent, applied for on September 23, 1938, and issued on July 28, 1942, describes and claims as its inventions, a new record dropping mechanism and also the same cycling mechanism covered by the previous patent. The record dropping mechanism of the respective patents cooperate with and are affected by the cycling mechanism in the same way in each patent. In the second patent (Holstensson patent in suit) the cycling mechanism is not identified either in Claim No. 1 or in the specifications as being old or previously patented, nor as part of a combination of old and new art. Two questions arise—first, is the second patent valid in its entirety as a combination patent and, second, is the second patent void in its entirety for overclaiming and as an attempt to claim and extend the monopoly of something already patented?

Claim 1 is the only claim of the Holstensson patent that is involved in this case. It reads:

> "In a talking machine, a rotatable hollow shaft, a turntable mounted on said shaft, a post extending through the shaft and having an upper extension which is offset with respect to the post for forming thereon a shoulder for supporting a stack of records threaded on said extension, steadying means adapted to engage the upper side of side stack, said means being movable from said operative position to an inoperative position for permitting records to be threaded upon

said extention, a lever pivotally mounted in said supporting post and having one end adapted to engage the edge of the central aperture of the lowermost record in said stack and to laterally displace said record to disengage it from said shoulder, a pickup arm mounted adjacent said turntable, means operative upon completion of the playing of a record for swinging said pickup arm outwards, said means also rocking said lever into position disengaging said lowermost record whereby the latter drops onto said turntable, and means for then returning the pickup arm inwards to playing position.'

Claims 2 to 14 of the patent in suit have to do with mechanisms for the playing of various sized records and are not directly involved in this lawsuit. The claims and specifications of the old Arvidius patent did not comprehend a method or mechanism for automatic playing of records of different sizes, being limited to the then conventional ten inch records. Claims 2 to 14 of the patent in suit provide a way of playing larger records, as well as the smaller one. When a large record is displaced laterally by the rocking of the spindle lever, because of its size, it strikes a lever within a housing at the side of the turntable. When this latter lever is so activated by a large record, by a connection with the cycling mechanism, it so affects the movements thereof that the tone arm is caused to lower to the turntable at a point needed for playing the larger record. The defendant's machines are not charged with infringing these claims.

We here assume the patentability of the invention claimed by Arvidius in his original patent for a record player. His specifications and claims covered an entire machine, including the complex mechanism for lowering the needle-carrying tone arm onto the record, the playing of the record, the lifting and swinging of such arm out of the way when the record was played, the holding of such tone arm in

an inoperative position for the time required for the employment of the "slicer" method of dropping the next record onto the turntable and then the repetition of the cycle.

The basic power for the operation of both the Arvidius and the Holstensson record players is provided by an electric motor which starts and continues the rotations of the turntable. In both machines, the cycling mechanism is set and continued in motion by the rotations of a small friction wheel which, at or near the end of the playing of a record, makes contact with the moving turntable, either on the side thereof or on a ridge on its underside. The rotations of this friction wheel start and complete the movements of the gears, cams, pins, levers, etc., which make up the cycling mechanism common to both machines.

A record player made pursuant to the original Arvidius invention was marketed in Europe under the trade name of "Luxor." There is no evidence that a record player embodying the U. S. Arvidius patent was ever marketed or made in the United States by Arvidius, or by anyone else acting as his assignee or licensee. While the application for a reissue patent on this Arvidius machine was still pending in the United States, Arvidius, with Holstensson, went to work to create a record player which would in addition to what the old Luxor machine provided, contain means for automatic playing of records of different sizes. Such was not possible in the Arvidius (Luxor) machine. Out of this study came an application in Sweden for a patent. The initial application, filed in Sweden on September 23, 1937, disclosed that Holstensson and Arvidius, as inventors, had assigned their rights thereto to Holstensson's wife. In its specifications and drawing, this application described an entire machine, including a cycling mechanism substantially the same as that described in the Arvidius patent but specifying a new method for holding the records and

dropping them on the turntable and providing for the playing of records of various sizes. This application contained some 16 drawings, Fig. 1-16. Following the filing on September 23, 1937, of such application which covered an entire machine, a further application was made on November 26, 1937, by Arvidius, alone, limiting its claims, specifications and drawings (Fig. 1-5, only) to the new spindle type record dropper and record supporting device. Its Figures 1-5 were identical with like numbered drawings in the first application covering an entire machine. The second application disclosed that, as inventor, Arvidius had assigned his rights thereto to Holstensson's wife. The second application, limited to the record dropping mechanism, was made at the direction of the Patent Examiner in Sweden. On August 17, 1939, Swedish Patent No. 97,122, covering the entire machine, and Swedish Patent No. 97,123, limited to the spindle record dropper device, were issued, No. 97,122 to Holstensson and No. 97,123 to Holstensson's wife.

On September 23, 1938, Holstensson and Arvidius, as joint inventors, applied for the United States patent in suit, which was issued to Holstensson July 28th, 1942, as United States Patent No. 2,291,158. All rights to the invention claimed had been, as they were in Sweden, assigned by Arvidius to Holstensson. This application described an entire machine in substantially the same language and with the identical drawings, Fig. 1-16, as in Swedish Patent No. 97,122. It is agreed that the United States patent in suit is legally identical with the Swedish Patent No. 97,122. In their preliminary statement, the inventors said, in part:

> "The present invention relates to talking machines for playing a plurality of records in succession and more particularly to the type of such talking machines in which a stack of records to be played is supported above the turntable and a mechanism is provided which

upon completion of the playing of a record automatically raises the arm carrying the sound box or pickup from said record, swings the same outwards, brings the next record in the stack to fall downwards to the turntable and move said arm back to a position for playing the new record.

"The chief object of the present invention is to provide an improved talking machine of this general type which permits records of different sizes to be played automatically; i.e., in which the stack of records supported above the turntable may contain records of different diameters indiscriminately mixed."

While the above does not emphasize, as within the chief objectives of the patent, the use of the spindle type record changer, the specifications completely describe it, as well as the cycling mechanism, and the means for steadying the stack of records. We consider it unnecessary to discuss this steadying device, which may or may not have any inventive quality. Nowhere in the specifications or in Claim No. 1 is there a suggestion that the cycling mechanism was old or that it had been disclosed in the previous Arvidius patent.

From our examination of the models of machines constructed to portray the Holstensson patent in suit and the Arvidius patent, from the testimony of plaintiffs' expert witness, one Fishleigh, and from consideration of the entire record, we are persuaded that the cycling mechanism of the Holstensson and Arvidius patents are the same. Plaintiffs introduced as their Exhibit K a record playing machine constructed in accordance with the patent in suit. By demonstration, it was shown that with the spindle type record dropper and the record steadying means of the patent in suit removed, the cycling mechanism went through all of its various movements. Such demonstration was followed by this cross-examination of plaintiffs' expert, Fishleigh.

"Q. This machine (Ex. K) just performed the operation of automatically lifting the tone arm when the tone arm had arrived at a certain portion at the inner end of the playing groove, and it automatically moved out beyond the edge of the table (turntable) and then paused, and then moved in to the table (turntable) in register with the outer edge of the record, and then lowered the tone arm needle down onto the record automatically, isn't thta correct?

"A. That is correct.

"Q. Showing that that mechanism is not dependent upon the presence of any mechanical record supporting and dropping means?

"A. You mean so that that mechanism does not stop if we disconnect the record dropping means? That certainly is correct.

"Q. Mr. Diemer: Read my question. I would like to have an answer to the question directly.

(question read)

"Q. Yes?

"A. Oh, I think that is correct.

"Q. Mr. Fishleigh, we have just operated the machine Defendant's Exhibit K, without the step spindle to show that the mechanism will, upon the end of the playing of the record, when the tone arm arrives at a definite position, cause the mechanism to lift the tone arm needle from the record, move the tone arm out beyond the edge of the record, pause, and return and drop the needle onto the edge of the record for the playing of that record that is on the turntable, that is correct, isn't it?

"A. It did so operate, yes, sir.

"Q. Now, the Arvidius reissue patent (Arvidius) has elements which correspond to the elements of Exhibit K if we disregard the record supporting and dropping means, isn't that correct?

"A. I think in general, generally so, yes.

"Q. Returning to the patent in suit, the last elements of Claim 1 is 'and means for then returning the pickup arm inwards to playing position.' We have not discussed that specifically, but that refers to the moon-shaped cam, does it not, in the Holstensson patent designated by the reference numeral 69?

"A. That is a part of that. The moon-shaped cam is part of that element, yes, sir.

"Q. And in the Arvidius reissue patent there is a similar moon-shaped cam 30-31 which performs the same functions of returning the tone arm inwards?

"A. Well, there is a somewhat similar and different detailed cam, part of which does function too along with other elements to return the pickup arm inwards, that is correct.

"Q. And after the initiating mechanism starts the cam wheel into operation in the Holstensson patent, the cam wheel is 66 in Holstensson patent, is it not?

"A. Yes.

"Q. And there is a similar cam wheel? I believe it is 48-27 in the Arvidius reissue patent.

"A. Well, I think that is true. I believe that the comparison would be closer between 66 in the Holstensson patent in suit, if my memory serves me right, and 48 in the reissue patent, but they both have gear members to which the cams are attached.

"Q. The cam for raising and lowering the tone arm through the operation of the pin 56 in Holstensson is found in the Arvidius as a similar cam in the gear wheel 27 for raising and lowering the tone arm in the Arvidius structure through the pin 25, isn't that correct?

"A. That is correct.

"Q. And the surrounding sleeve around that pin 25 in Arvidius reissue corresponds to the surrounding sleeve 55 in Figure 7 of the Holstensson, et al, patent in suit?

"A. It is quite similar in its operation, yes.

"Q. And the half-moon cam 31-32 of Arvidius co-

operates with the pin 32 in Arvidius as the cam—half-moon cam 69 operates with the pin 70 in Holstensson?

"A. In part, yes, sir.

"Q. So that the tone arm is moved first out by contacting the right hand or upper portion 31 in Arvidius by the pin 32, is that correct?

"A. Yes.

"Q. And likewise contacting the right hand or upper arm of the half-moon cam by the pin 70 in the patent in suit?

"A. That is correct.

"Q. And the return of the tone arm in the Arvidius is performed by the pin 32 engaging the arm 30 of the moon-shaped cam, and in Holstensson the return of the tone arm is performed by the engagement of the pin 70 with the left hand or lower limb of the moon-shaped cam, is it not?

"A. That is correct.

"Q. So that we find complete correspondence in the operating cams and pins in these two patents, do we not?

"A. No, sir. To the extent that you have defined it so far, speaking generally that is true, but I could not agree that there is complete correspondence because there is considerably more in Holstensson that we have not discussed.

"Q. But not in the parts that we have discussed, is there, just now?

"The Court: The witness has said as to the parts which you have discussed he agrees there is correspondence, is that right?

"The witness: That is correct, sir.

"Q. Certainly in respect to Arvidius 20,819 which is shown in these drawings, Defendant's Exhibits 1, 2, 3 and 4, there is that means operative upon completion of the playing of a record for swinging said pick-up arm outwards?

"A. I think that is correct.

"Q. And there is then a disclosure of the patent in suit of the corresponding means?

"A. I think that is correct; there is a means differing in some detail, yes.

"Q. And what detail, what difference is there between the two?

"A. Well, primarily in the detail of the cam mechanism. Broadly speaking, I think they are the same, but in detail they are not exactly identical.

"Q. Well, there is no doubt about the fact that there is such means present in the patent in suit.

"A. Not in my mind, no sir."

After some examination of this witness as to the detail of the cycling mechanism disclosed in the Holstensson patent in suit and in the Arvidius patent, such examination continued:

"Q. So that we find complete correspondence in the operating cams and pins in these two patents, do we not?

"A. No, sir. To the extent that you have defined it so far, speaking generally that is true, but I could not agree that there is complete correspondence because there is considerably more in Holstensson that we have not discussed.

"Q. But not in the parts that we have discussed, is there, just now?

"The Court: The witness has said as to the parts which you have discussed he agrees there is correspondence, is that right?

"The witness: That is correct, sir.

"The Court: All right.

"The witness: The operation as far as you have gone.

"The Court: The next question was whether there was complete correspondence between the two units and he disagreed with that, is that right, sir?

"The witness: That is my position, yes.

"Q. By Mr. Dienner: And the disagreement is based on what?

"A. Well, the fact that there are two parts to the operation of returning the tone arm to the initial position in the Holstensson and the action of the pin 70 which we do not have in pivoting about, well the arm 71 pivoting about a pivot point at the back end under certain conditions of cycling.

"The Court: Are you now referring to the Holstensson patent?

"The witness: That is correct.

"Q. Mr. Diemer: Are those differences involved in the statement of Claim 1 of the patent in suit?

"A. I don't think so, no."

Continuing on, we believe that plaintiffs' expert effectually conceded the identity of the operations of the cycling mechanism in the Holstensson and Arvidius patents down to the time when, at the final step of the cycle, a link beneath the turntable, in each patent, makes its move to activate the record dropping mechanism. This examination concluded the subject:

"Q. And the operation of a record dropping means through a link is performed in Arvidius by the engagement of the dotted pin 53 in Fig. 5 against the link 11 which we mentioned earlier in our examination?

"A. That is correct.

"Q. And the operation of a link 91 in the Holstensson patent in suit is produced by pin 98 riding off the shoulder 101 in Fig. 10 is it not?

"A. I think that is correct.

"Q. So those two structures correspond in structure and mode of operation and result, do they not?

"A. I don't think I could even begin to go along with you on that one, sir.

"Q. They move a link back and forth in proper time, do they not?

"A. That is correct."

Defendant's expert witness Faulkner was, as might be expected, more firm in his assertion that the cycling

mechanism of Holstensson and Arvidius were substantially the same. He gave support to this assertion by taking a model of the old Luxor machine built on the Arvidius patent but with the old slicer record dropping mechanism removed; to the link which had activated the rotatable posts and the slicers, he attached, in place thereof, the spindle type record dropper of the Holstensson patent in suit. This reconstructed machine then operated the same as the machine built on the patent in suit. In our view, this demonstration supported defendant's claim that the cycling mechanisms of Holstensson and Arvidius were the same, and that the new spindle mechanism in no way changed the function or operation of the cycling mechanism and that the latter, as continued in the patent in suit, made no different contribution of function to record dropping than it had in the old Arvidius machine.

[1] The inventor, or inventors, of the patent in suit provided further evidence that the spindle type record dropper was a separate invention, independent of the cycling mechanism, by applying for and obtaining separate Swedish Patent No. 97,123, limited to the spindle type record dropper and supporting device. As to the cycling mechanism of the tone arm and its activation of the record dropper, the inventor in 97,123 said:

> "The movements of the tone arm, as well as the record changing operation, are controlled by a cam mechanism *not illustrated*, mounted on the underside of the base plate below the tone arm and preferably arranged to be operated from the turntable 3 through a friction roller 58 protruding upwards through a hole 57 of the base plate, although of course, other operating methods are conceivable too."

The claims of this Swedish patent, 97,123, did not attempt to claim the cycling mechanism as any part of the invention, independently of, or in combination with, the

spindle type record dropper and record supporting means. Conversely, the Holstensson patent in suit in its Claim No. 1 and its specifications and the Swedish patent No. 97,122 describe and claim as invention the cycling mechanism as well as the new spindle.

From all of the foregoing, we are persuaded first that the cycling mechanism of the patent in suit was previously disclosed in the Arvidius patent and, second, that the cycling mechanism redescribed and claimed as invention in Claim 1 of the patent in suit, performs no new function when combined with the spindle type record dropper. The District Judge found invention in the spindle type record dropper. Appellant does not here contest the presence of invention in the spindle device, nor the charge of infringement.[1] We need not, therefore, consider such matter.

The District Judge made no finding of fact or law as to whether the cycling mechanism of the Holstensson patent in suit was the same as, or had been disclosed in, the earlier Arvidius patent. He apparently did not consider such a finding necessary for decision. He said:

> "[T]he fundamental mechanical means used below the turntable for the activation of the tone arm and of the turntable, and for placing of the record *are of no consequence to the determination of this lawsuit*. The basic problem is whether the center hollow spindle of the defendant's device, following the teaching of the Miller patent, is an infringement upon the plaintiff's patent in suit." (Emphasis supplied)

[1] The use of a spindle with an offset shoulder to support a stack of records and a method for laterally displacing them so that the central aperture would engage the lower section of such spindle and drop to the turnable were not new and had been disclosed in the prior art. None however employed the hollow spindle enclosing a lever which was activated from beneath the turntable. The District Judge found that the advance of the Holstensson spindle over the prior art would not have been obvious to one skilled in the art. That finding is not contested on this appeal.

Throughout the trial of this case and in this Court, plaintiffs' position has been that their patent combines new invention with *old elements*. No clear expression, however, is made as to what are these *old elements* referred to. We think it fair to conclude that the cycling mechanism of the old Arvidius patent comprises, or is at least one of the *old elements*. The District Judge's opinion says:

> "[W]e should say that we have examined the combination patent in suit * * * and are satisfied that the combination patented by Holstensson is a combination of *old elements* with a *new element* whereby a new result is obtained * * *." (Emphasis supplied)

We are of the opinion that from the evidence no other conclusion could be drawn but that the cycling mechanism claimed as invention in, and described in, the patent in suit was the same as that disclosed by the Arvidius patent. Any finding of fact to the contrary would, in our opinion, be clearly erroneous.

Although the Holstensson patent in suit was issued in 1942, neither the patentee nor any assignee thereof or licensee thereunder, prior to 1950, used the same in any marketed record playing machine. In 1950 defendant V-M Corporation began to market a machine with a spindle type record dropper conforming to a Miller patent therefor issued on September 19, 1950, on an application made in 1940. The Miller patent was limited in its claim of invention to a spindle type record changer. After defendant, in 1950, made the first use of a spindle type record dropper in a marketed machine, record players using the spindle type of record changer have enjoyed the largest commercial success. Another company, Webcor, Inc., began using a spindle type record dropper and upon suit by Holstensson, was found guilty of infringing the Holstensson patent in suit. In such, District Judge Perry held that the patent

in suit was valid. Holstensson v. Webcor, Inc., 150 F. Supp. 441, 112 USPQ 463 (N.D. Ill. 1957). This suit was filed on November 8, 1954, and the instant suit was filed November 4, 1954. In 1954, and subsequent years, various manufacturers took from Holstensson or Glenville Industries licenses to use the Holstensson patent in suit. At the time of trial in 1959, defendant V-M Corporation was the only American manufacturer using the accused type of spindle without license from Holstensson or Glenville Industries.

In the District Court, defendant challenged the validity of the patent in suit on the grounds that the spindle type record dropper did not contain invention, that it had been disclosed in the prior art, and that whatever advance or improvement was made in the spindle record dropper over the prior art was such as would have been obvious to one skilled in the art. The District Judge found against these contentions and defendant does not here assert error in such findings. Defendant also claimed in the District Court, as it does here, that the product of Holstensson's putting together the new spindle type record dropper with the cycling mechanism already disclosed in the Arvidius patent did not constitute a patentable combination. Defendant asserts that the old Arvidius cycling mechanism performs no new function in the claimed combination and contributes nothing new to the operation of the record dropping mechanism. Defendant further asserts, as he did in the District Court, that the patent in suit is void for overclaiming —that Holstensson attempted by the means employed, and as assignee of Arvidius, to obtain and extend the monopoly of the cycling mechanism disclosed in the old Arvidius patent. We are persuaded that the Holstensson patent in suit cannot be sustained as a combination and we are of the opinion that it is void for overclaiming.

A reading of the testimony of A. H. Holstensson, given through an interpreter, leaves the impression that he really was not *jointly* an inventor with Arvidius, although described as such in the joint application for the patent in suit.[2] We need not, and do not, however, make any finding in this regard. It appears, also, that Arvidius provided most, if not all, of the inventive genius that produced whatever patentability resides in the several devices controlled by Holstensson. In each instance but one, Arvidius had assigned the rights to his invention either to Holstensson or to Holstensson's wife when applications for patents on such inventions were made. The one exception involved the United States patent rights to Arvidius original invention. Arvidius chose to retain the American rights to this and obtained the Arvidius reissue patent which covered the cycling mechanism and his slicer method of record dropping. The evidence discloses that after joining Holstensson in the application for the United States patent in suit in September, 1938, and presumably after assigning his rights therein to Holstensson, some time about the year 1939, Arvidius was discharged from his employment with the Holstensson enterprises. He was then, and thereafter, the sole owner of the United States patent for the cycling mechanism disclosed in Arvidius reissue patent. The record in the case gives no history of Arvidius after being discharged by Holstensson's enterprise other than that he was dead at the time of trial. Decision of this case involves the subjects of patentable combinations and invalidity of a patent for overclaiming. Much has been written on the first point, less on the second. We find difficulty

[2] Arvidius was the sole inventor of the old Luxor machine with a cycling mechanism the same as the patent in suit. He was also named as sole inventor in the Swedish Patent No. 97,123, limited to the spindle type record dropper. Holstensson testified to working with Arvidius in the development of the latter, but said he gave Arvidius "the honor" of such invention.

in separate discussion of them in the context of the case at bar.

### 1. Patentable Combination

[2] No statutes or decided cases give us a definition of patentable combination which will provide easy discernment of its presence or absence in the limitless varieties of putting together the old with the old and the old with the new. In Great A & P Tea Co. v. Supermarket Equip. Corp., 340 U. S. 147, 150, 95 L.Ed. 162, 166, 87 USPQ 303, 305, the Supreme Court emphasizes that it had never ventured to give "a precise and comprehensive definition of the test to be applied in such cases." In the case at bar, one of the elements, the spindle type record dropper was new and constituted invention. This invention was combined with another element, the cycling mechanism, which was old and disclosed in the Arvidius patent. We, therefore, deal with a combination which brings together the new and the old. Such combinations have been held patentable as such, Williams Mfg. Co. v. United Shoe Mach. Corp., 316 U. S. 364, 86 L.Ed. 1537, 53 USPQ 478; Leeds & Co. v. Victor Talking Mach. Co., 213 U. S. 301, 53 L.Ed. 805. But to be so it is necessary that the old contribute something more than mere presence, to the functioning, the utility and the novelty claimed to provide patentability for the total combination. Lincoln Eng'r Co. v. Stewart-Warner Corp., 303 U. S. 545, 549, 82 L.Ed. 1008, 1010, 37 USPQ 1, 3; DeBurgh v. Kindel Furniture Co., 125 F. Supp. 468, 476, 103 USPQ 203, 208-209, affirmed, DeBurgh v. Kindel Furniture Co., 229 F. 2d 740, 109 USPQ 27 (CA 6, 1956), 1 Walker, Patents, § 41 (Deller ed. 1937). We feel that what was sought to be done with the new spindle type record dropper here was not unlike the Supreme Court's characterization of the inventor's conduct in Lincoln Engineering—"having hit upon the improvement he did not

patent it as such but attempted to claim it in combination with other elements which performed no new function in his claimed combination." (303 U. S. 549, 82 L.Ed. 1010, 37 USPQ at 3).

We think that from the concessions of plaintiffs' expert, from our own examination of the patent in suit, and from the fact that the inventors in obtaining Swedish Patent No. 97,123, recognized that their invention over the old Arvidius device resided only in the spindle device, it is fair to say that the old Arvidius cycling mechanism, claimed again in Claim No. 1 of the patent in suit, contributed no more to the operation of the claimed combination than the electric motor which provided the power for rotating the turntable. We recognize that the cycling mechanism, insofar as it cooperates with the method for playing records of different sizes, may, with new attachments not shown in the old Arvidius mechanism, do so, but Claim 1 here involved has nothing to do with a method for playing different size records.

**[3]** The claims are the measure of invention. Smith v. Snow, 294 U.S. 1, 11, 79 L.Ed. 721, 728, 24 USPQ 26, 30; Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U.S. 405, 418, 32 L.Ed. 1122, 1128; Patrol Valve Co. v. Robertshaw-Fulton Controls Co., 210 F.2d 146, 152, 100 USPQ 239, 243.

We hold that Claim 1 does not disclose a patentable combination.

### 2. Is Claim 1 void for overclaiming?

We think a fair review of the language of Claim No. 1, set out above, discloses the inventor's intention to claim the cycling mechanism as part of the invention, combination or otherwise. While the spindle type record dropper is

described with more particularity than the cycling mechanism, and the cycling movements of the tone arm are, in part, referred to as means, the specifications illustrated with drawings (Figs. 1-16) cover the entire operation. Plaintiffs' expert testified that Claim No. 1 describes a machine which includes the cycling mechanism. Plaintiffs' complaint did not limit its charge of infringement to use by defendant of the spindle type record dropper. Plaintiffs' proofs were directed at showing that the cycling mechanism used in defendant's models infringed on the cycling mechanism as well as the spindle. Nowhere in the entire patent, including its specifications and drawings, is there any disclosure that the described cycling mechanism was old and previously disclosed in prior patent, and Claim No. 1 does not purport to be a combination of something new with old prior art.[4] At the beginning of the trial, it was stated by plaintiffs' counsel that "* * * Claim No. 1 of the patent that is here in suit is directed to the broad basic combination." A member of the public, reading Claim No. 1 and all the specifications, would not be informed that the cycling mechanism was other than an original invention. That plaintiffs' position was to claim this cycling mechanism as invention in the patent in suit is made clear by one of their main exhibits entitled "Chart Showing Wherein Mechanical Elements of Claim 1 of Holstenssoon, et al., Patent No. 2,219,158 are Found in Defendant's Structure." The drawings depict figures of the patent in suit and similarly functioning elements of defendant's accused de-

[4] At one point in the specifications, it is stated that "upon completion of the playing the cam mechanism is put into action by means of a device which is *not shown in the drawing* * * *" This is followed by a statement that "This mechanism which is known per se forms no part of the present invention." While we find obscurity in this statement, it is clear that the mechanism referred to is not the cycling mechanism of the old Arvidius patent because the latter is fully described and illustrated and what is conceded to be previous invention is not shown.

vice. By this exhibit, it was claimed that among the "Mechanical Elements" of the patent in suit were "a pick-up arm mounted adjacent said turntable," "means operative upon completion of the playing of a record for swinging said pickup arm outwards," and "means (after a record is dropped) for then returning the pickup arm inwards to playing position." While not complete in detailed description, this exhibit purports to show not only wherein the accused device has appropriated the spindle type record dropper, but also the method of carrying out the cyclic movements of the tone arm.

**[4]** Plaintiffs rely in part upon the rule that a presumption of a patent's validity arises from its issuance. 35 U.S.C.A. § 282; RCA v. Radio Eng'r Labs, Inc., 293 U.S. 1, 79 L.Ed. 163, 21 USPQ 353, and cases cited therein. This presumption is weakened if there is applicable prior art not considered by the Patent Office. ALCOA v. Sperry Products Inc., 285 F.2d 911, 916, 127 USPQ 394, 399 (CA 6, 1960); France Mfg. Co. v. Jefferson Elec. Co., 6 Cir., 196 F.2d 605, 43 USPQ 53; Wolverine Fabricating & Mfg. Co., Inc. v. Detroit Gasket & Mfg. Co., 6 Cir., 148 F.2d 399, 65 USPQ 208; Modern Products Supply Co. v. Drachenberg, 6 Cir., 152 F.2d 203, 68 USPQ 10; Cold Metal Process Co. v. Republic Steel Corp., 6 Cir., 233 F.2d 828, 109 USPQ 185; Gibson Stewart Co., Inc. v. Wm. Bros. Boiler & Manufacturing Company, 6 Cir., 264 F.2d 776, 120 USPQ 352; Murray Company of Texas, Inc. v. Continental Gin Co., 5 Cir., 264 F.2d 65, 120 USPQ 416. The Arvidius patent (Arvidius reissue No. 20,819) was not cited and apparently not considered by the patent examiner. Plaintiffs argue that the prior art which was considered by the Patent Office (patents relating primarily to spindle type record droppers) was more pertinent than the Arvidius patent. This would be true if the claim of the applicants for the patent in suit was directed only at the spindle type record dropper.

If, as is this case, the cycling mechanism was part of the invention claimed, then, indeed, Arvidius Reissue No. 20,819 was pertinent prior art. No reason is given as to why it was not cited in the Patent Office.

[5] We come, finally, to the critical question for our decision, namely, will the owner of a patent which, in part, contains patentable invention, be denied recovery from one who clearly infringes the part of the patent which is invention, merely because the patent is not a true combination and claims as part of the invention that which is old and disclosed in a prior patent? We are of the opinion that we must answer in the affirmative. Such a holding appears unfair unless there is a policy of patent law which, in its effect, vists total forfeiture upon a patent which attempts to extend its monopoly to something already patented. There is such a policy.

The modern cases most cited for this proposition are Bassick Mfg. Co. v. R. M. Hollingshead Co., 298 U.S. 415, 80 L.Ed. 1251, 29 USPQ 311, and Lincoln Eng'r Co. v. Stewart-Warner Corp., 303 U.S. 545, 82 L.Ed. 1008, 37 USPQ 1. In Bassick the Supreme Court, speaking of claiming the old with the new, not in true combination, said:

> "The question then is whether, by this method, the patentee by improving one element of an old combination whose construction and operation are otherwise unchanged, may, in effect, repatent the old combination by reclaiming it with the improved element substituted for the old element. *That this cannot be done is shown by numerous cases in this and other federal courts.*" (Emphasis added) (298 U.S. 425, 80 L.Ed. 1256, 29 USPQ at 315).

In Lincoln Engineering, the Supreme Court said:

> "As we said of Gullborg in the Rogers case, having hit upon this improvement he did not patent it as such

but attempted to claim it in combination with other old elements which performed no new function in his claimed combination. *The patent is therefore void as claiming more than the applicant invented.* * * * and the improvement of one part of an old combination gives no right to claim that improvement in combination with other old parts which perform no new function in the combination." (Emphasis added) (303 U.S. 549, 82 L.Ed. 1010, 37 USPQ at 3).

While the quoted passages from Bassick and Lincoln Engineering are broad in their support of a policy of declaring void a patent for overclaiming, they must be read in their factual context. Each of these cases involved contributory infringement. There, the accused devices were not charged with infringing new elements in claimed combination patents, but with manufacturing components, old in the art, which were to be sold for use with new elements in the patentees' claimed combinations. Such is not the case before us where defendant is found to infringe the new element of the patent in suit. The principle of those cases is, however, applicable.

In Great A & P Tea Co. v. Supermarket Equip. Corp., 340 U.S. 147, 95 L.Ed. 162, 87 USPQ 303, the Supreme Court was considering the patentability of a combination for a cashier's counter in a supermarket. The components were an elongated L shaped counter, a three sided open end rack for pulling groceries up to the cashier, and guides on the counter to control the rack. The Court held the combination was not patentable, but considering that the extension of the counter might be a patentable improvement, said:

> * * * if the extension itself were conceded to be a patentable improvement of the counter and the claims were construed to include it, the patent would nevertheless be invalid for overclaiming the invention by including old elements unless, together with its other

old elements, the extension made up a new combination patentable as such." (340 U.S. 150, 95 L.Ed. 165, 87 USPQ 305).

Without citing or attempting review of the many cases which have dealt generally with the subject of overclaiming, we come to Evans v. Eatons, 20 U.S. 356, 5 L.Ed. 472 (1822). Unless changes in statutory language or the holdings of later decisions impair this case's standing as announcing a rule of law, we consider that it impels us to hold the Holstensson patent in suit void. The patent there involved related to a so-called "Hopper Boy," a machine involving "the art of manufacturing flour and meal." Evans invented an improvement to the "Hopper Boy," a mechanism known in such art. Two decisions, the one above cited and Evans v. Eaton, 16 U.S. 454, 4 L.Ed. 433, discuss at length the factual background of the case as well as the statutes then in force. Understanding of the import of this decision can be adequately gained, however, from the court's recitation of the question involved. The plaintiff's action for infringement had been tried to a jury and, after reading the trial court's charge, Mr. Justice Story stated:

> "The plaintiff, with a view to the maintenance of his suit, contended that his patent, so far as respected the hopper-boy, had a double aspect. 1. That is was to be as a patent for the whole of the improved hopper-boy; that is, of the whole machine as his own invention. 2. That if not susceptible of this construction, it was for an improvement upon the hopper-boy, and he was entitled to recover against the defendant for using his improvement. The defendant admitted that he used the improved hopper-boy, and put his defense upon two grounds: 1. That if the patent was for the whole machine, i.e., the improved hopper-boy, the plaintiff was not the inventor of the improved hopper-boy so patented. 2. That if the patent was for an improvement only upon the hopper-boy, the specification did

not describe the nature and extent of the improvement; and if it did, still the patent comprehended the whole machine, and was broader than the invention." (20 U.S. 427, 428, 5 L.Ed. 490)

The legal question thus exposed, and after reviewing the requirements of the then controlling patent law, the Court said:

"From this enumeration of the provisions of the act, it is clear that the party cannot entitle himself to a patent for more than his own invention; and if his patent includes things before known, or before in use, as his invention, he is not entitled to recover, for his patent is broader than his invention. If, therefore, the patent be for the whole of a machine, the party can maintain a title to it only by establishing that it is substantially new in its structure and mode of operation. If the same combination existed before in machines of the same nature, up to a certain point, and the party's invention consists in adding some new machinery, or some improved mode of operation to the old, the patent should be limited to such improvement, for if it includes the whole machinery, it includes more than his invention and therefore cannot be supported. This is the view of the law on this point which was taken by the Circuit Court." (20 U.S. 430, 431, 5 L.Ed. 491)

In stating what he claimed was his invention, the patentee had said:

"I claim as my invention, the peculiar properties or principles which this machine possesses in the spreading, turning and gathering the meal at one operation and the raising and lowering of its arms by its motion, to accommodate itself to any quantity of meal it has to operate upon." (20 U.S. 428, 5 L. Ed. 490).

Of this manner of stating the patentee's claim, Mr. Justice Story said:

"From this manner of stating his invention, without

> any other qualification, it is apparent that it is just such a claim as would be made use of by the plaintiff, if the whole machine was substantially in its structure and combinations new. The plaintiff does not state it to be a specific improvement upon an existing machine, confining his claim to that improvement, but as an invention substantially original. In short, he claims the machine as substantially new in its properties and principles, that is to say, in the modus operandi." (20 U.S. 428, 5 L.Ed. 490)

The Court in holding the patent there involved to be invalid, relied upon the patent law then in force which required the applicant for a patent to describe it "in such full, clear and distinct terms as to distinguish the same from all other things before known."[1] Applying such requirement, the Court said, "how can that be a sufficient specification of an improvement in a machine which does not distinguish what the improvement is, nor state in what it consists, nor how far the invention extends? Which describes the machine fully and accurately, as a whole, mixing up the new and old, but does not in the slightest degree explain what is the nature or limit of the improvement which the party claims as his own?" The decision of the case was affirmance of a Circuit Court judgment, through approval of the trial judge's instructions which announced the rule of law discussed by the Supreme Court and approved by it.

**[6]** While not citing Evans v. Eaton, its rule is followed in other cases which emphasize the requirement that an

[1] The language of the Act in force at the time of the issuance of the patent in suit was not identical with that quoted in the Evans opinion. We consider, however, that the Act in force when the Holstensson patent in suit was applied for was of like import. § 33 of Title 35 U. S. C. (repealed in 1953) required that the applicant for a patent so describe his invention "so as to distinguish it from other inventions; and he shall particularly point out and distinctly claim the part, the improvement, or combination which he claims as his invention or discovery."

applicant for an improvement or combination must particularize as to what is old and what is new. Merrill v. Yeomans, 94 U.S. 568, 24 L.Ed. 235; Brooks v. Fiske, 56 U.S. 212, 214, 14 L.Ed. 665, 667. In Patrol Valve Co. v. Robertshaw-Fulton Controls Co., supra, Judge McAllister, speaking for this Court, said:

> "[W]e are of the opinion that the claims of the patent in suit *are invalid* for the reason that the patentees do not particularly point out and distinctly claim the part, improvement, or combination which they claim as their invention or discovery, as required by the controlling statute, R. S. § 4888, 35 U.S.C.A. § 33." (210 F.2d 150, 100 USPQ at 242, CA 6, 1954)[5].

In Williams v. United Shoe Mach. Corp., 121 F.2d 273, 279, 50 USPQ 264, 271 (CA 6, 1941), we said, in holding one of the involved patents invalid, "[W]hatever improvement may result is due entirely to the improved element *and cannot give rise* to valid claims embracing the entire lasting mechanism." (Emphasis supplied.)

It might appear unfair to deny an inventor the fruits of his invention merely because he overclaimed its breadth in his patent application and unjust to allow a third party to appropriate and infringe a true invention because of the failure of a patentee to comply with the patent statute. This might be arguable unless we look upon Evans v. Eaton as announcing a policy which, correctly applied, may visit forfeiture of a patent even though it, in part, discloses true invention. That such is the thrust of the majority opinion in Evans is exposed by its dissenting opinion which decries

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[5] § 1.71 of the current Rules of Practice of the U.S. Patent Office emphasize the necessity of clear indentification of the old and the new in providing that "the specifications must set forth the precise invention * * * in such manner as to distinguish it from other inventions and *from what is old*." (§ 7 C. F. R. 1.71 (a).)

the severity of the rule of the majority opinion. The dissenter observes:

> "To declare a patent for a highly useful improvement, absolutely void, merely for a defective specification, if this be one, is a very high penalty, and should not be lightly inflicted unless rendered absolutely necessary by law." (20 U.S. 488, 5 L.Ed. 495)

[7] In contemplating this seemingly drastic rule, we bear in mind that there is no natural or common law right to a monopoly of an invention. Robinson Treatise on the Law of Patents (1890) § 24. By Constitutional grant, Article I, § 8, Clause 8, Congress has power to give inventors, for a limited time, "the exclusive right to their respective discoveries." Applicants for such monopolies must comply with the requirements that Congress insists be met as a condition to exercising such monopoly. The seeming harshness of this rule is further [8] ameliorated when we keep in mind that an inventor may gain monopoly for an inventive improvement to an existing device simply by limiting his claim to that which he did invent. In the case before us, this could have been accomplished by a narrowing of Claim 1, or by presentation of a separate claim limited to the spindle type record dropper which, for this opinion, it is assumed presented invention. In Sweden, Holstensson did this. Swedish patent No. 97,122 was taken out on the entire machine, while patent No. 97,123 was limited to the spindle record dropper. The same procedure could have been followed here, but was not.

Evans v. Eaton, which controls this case, does not appear to have been cited or relied upon for the point here involved in any recent decision of the Supreme Court; neither has it been overruled or criticized. It has currency as authority, however, in decisions of District Courts and Courts of Appeals. Guide v. Desperak, 144 F.Supp. 182, 111 USPQ 32 (S.D.N.Y. 1956); Jacobs Mfg. Co. v. Almond Mfg. Co.,

177 F. 935, 936; Wheeler v. James, 189 F. 896, 902; National Mach. Corp., Inc. v. Benthall Mach. Co., 241 F. 72, 87; Brooks Co. v. Stoffel Seals Corp., 160 F.Supp. 581, 592, 117 USPQ 91, 99 (S.D.N.Y. 1958); Pursche v. Atlas Scraper and Eng'r Co., 300 F.2d 467, 477, 132 USPQ 104, 112 (CA 9, 1961). We think that while the Bassick, Lincoln Engineering and the A & P cases, discussed above, do not cite Evans v. Eaton, they follow the law it announced. So also do Cold Metal Process Co. v. Republic Steel Corp., 233 F.2d 828, 834, 109 USPQ 185, 189 (CA 6, 1956); Graver Tank & Mfg. Co. v. Linde Products Co., 336 U.S. 271, 276, 277, 93 L.Ed. 672, 677, 80 USPQ 451, 453.

We are aware that the plaintiff here successfully defended the validity of the patent in suit in the case of Holstensson v. Webcor, Inc., 150 F.Supp. 441, 112 USPQ 463 (N.D. Ill. 1957). The able opinion of Judge Perry in that case does not, however, disclose that the legal questions upon which our decision turns were raised or considered in that case. No mention is made in the reported opinion of the old Arvidius Reissue Patent. District Judge Perry does not discuss the matter of overclaiming.

We are of the opinion that the Holstensson patent in suit is without validity as a combination patent and is likewise void for overclaiming.

The judgment of the District Court is reversed with direction to enter judgment dismissing the complaint.

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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1963

**No. 554**

**POPEIL BROTHERS, INC.,**

*Petitioner,*

vs.

**KARL ZYSSET and NEW-NEL KITCHEN PRODUCTS COMPANY,**

*Respondents.*

## RESPONDENTS' REPLY TO PETITIONER'S "MOTION FOR LEAVE TO FILE NEW AND ADDITIONAL CONFLICTING AUTHORITY IN SUPPORT OF PETITION FOR CERTIORARI (AND APPENDIX)"

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*Respondents*

## RESPONDENTS' REPLY TO PETITIONER'S "MOTION FOR LEAVE TO FILE NEW AND ADDITIONAL CONFLICTING AUTHORITY IN SUPPORT OF PETITION FOR CERTIORARI (AND APPENDIX)"

The motion to file an additional authority should be denied.

The Petition for Writ of Certiorari was predicated, in part, upon the patently erroneous premise that the judgment of the Court of Appeals is "in direct conflict with controlling decisions of this Court and the Courts of Ap-

peals * * *." Petition, page 8. A number of this Court's decisions allegedly supporting that contention were cited in the Petition at pages 9 and 10.

The Sixth Circuit Court of Appeals in the case of *Holstensson v. U-M Corporation*, 139 USPQ 491, by which case Petitioner seeks to reargue points already fully briefed by it, was acknowledged by Petitioner to follow Supreme Court cases already cited by it and was said by the Sixth Circuit Court itself to parallel closely the case of *Lincoln Engineering v. Stewart-Warner Corp.*, 303 U.S. 545. That very case was relied upon in the Petition at page 10. How that Sixth Circuit opinion can assist this Court in ascertaining what this Court's decision in the *Lincoln Engineering Co.* case means escapes respondents.

Thus, both the line of authority exemplified by the *Holstensson* case (with which respondents have no quarrel) and the manufactured and non-existent conflict said by petitioner to result therefrom have already been fully exploited.

The fact is that cases such as *Holstensson* and *Lincoln Engineering* deal with situations in which a claimed combination functions no differently even though one of the elements be new. Such factual situations are dealt with similarly in the courts of the Seventh Circuit as, for example, in *Hobbs v. Wisconsin Power & Light Co.*, 250 F. 2d 100, 106 (C.A. 7, 1958), *cert. den.* 356 U.S. 932, in which the court relied upon the *Lincoln Engineering Co.* case, and cases there cited.

The Seventh Circuit Court of Appeals correctly held that the claimed combination of the Zysset patent was both new as a combination and "produced a result" which

was an improvement over the art. "It is the [novel] *combination* which was held valid and infringed—not any particular element thereof, *per se*." 318 F. 2d 701, 704. The Zysset combination functioned differently from prior art choppers and provided an improved and superior food chopping means. In the words of this Court, quoted by the Court of Appeals, the novel combination possessed the "impalpable something which distinguishes invention from simple mechanical skill."

It is crystal clear that the real purpose of Petitioner's motion is to rewarm and rehash its shopworn contentions while continuing to ignore the facts of this case.

Petitioner's unjustified motion is another of its long series of unconscionable and dilatory tactics, the accumulated like of which is unparalleled in patent litigation, to frustrate the judgments of the courts and to thwart justice. Like its failure to serve respondents with copies of the Reply brief filed in this Court on December 11, 1963[1] while representing to this Court that it had made such service, this motion demonstrates petitioner's utter contempt for the law, for the Rules of this Court and for common decency and fair play.

There is no conflict. If there be one it is only between what the facts are and what petitioner would prefer them to be. The attempt by this motion to reargue matters al-

[1] Only by happenstance were both of the respondents first made aware, on January 8, 1964 that a Reply brief indeed had been filed by petitioner.

ready briefed and the disregard and contempt of petitioner for the Rules of this Court should not be rewarded by granting this motion. The motion should be denied.

Respectfully submitted.

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## CERTIFICATE OF SERVICE

I certify that the foregoing Reply was served by mailing copies of the same to Messrs. George B. Christensen, 38 South Dearborn Street, Chicago, Illinois, 60603, Dugald S. McDougall, 135 South La Salle Street, Chicago, Illinois, 60603, and Jay Erens, 100 South Wacker Drive, Chicago, Illinois, 60606, attorneys for Petitioner, this 14th day of January, 1964.

/s/ ALBIN C. AHLBERG

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IN THE

# Supreme Court of the United States

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## PETITION FOR REHEARING OF DENIAL OF PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1963.

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*Respondents.*

## PETITION FOR REHEARING OF DENIAL OF PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Petitioner respectfully requests a rehearing of its Petition for Certiorari, denied by the Court's order of February 17, 1964, Justice Douglas noting his view that the writ should issue.

To refresh the Court as to the nature of the case: Petitioner contends, *first*, that the Court of Appeals for the Seventh Circuit has promulgated a new, weakening doctrine as to patents, namely, that a patent on a combination of old elements may be held valid without a finding by the Patent Office, the District Court, or the Court of Appeals that the elements, when combined, interact and achieve a new function. Heretofore such a finding has been the *sine*

*qua non* for a valid combination patent (*Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corporation*, 340 U. S. 147 (1950)). The essence of the opinion is that if the *structure* is unique, i.e., if no one before has put the particular assortment of elements into a single structure, it is patentable even though the elements operate independently of each other and do no more when so aggregated than they did separately. Petitioner contends, *secondly*, that the $636,000 damage award, which gives the patentee a recovery far beyond any losses he sustained notwithstanding that no exemplary damages were awarded, is an egregious and oppressive misconstruction of the 1946 "adequate to compensate" patent damage statute, which has never been construed by this Court. On both points (and subsidiary questions) there is irreconcilable conflict between circuits and between decisions of this Court and the decision of the Seventh Circuit review of which is sought.

## GROUNDS FOR REHEARING

I. Subsequent to the filing of the Petition for Certiorari, the Court of Appeals for the Sixth Circuit decided *Holstensson v. V-M Corporation*, 325 F. 2d 109, which is in irreconcilable conflict with the instant case on the standard of patentability applicable to patents that seek to combine elements which in combination perform only their conventional individual functions. In *Holstensson* the Sixth Circuit held *invalid* a combination patent which had been held *valid* in our Seventh Circuit by the same District Court (150 F. Supp. 441) that held the patent at bar valid. Petitioner, by special motion, brought the *Holstensson* decision to this Court's attention before its divided vote as to whether certiorari should issue in the instant case.

However, at the time petitioner brought the *Holstensson*

decision to this Court's attention, a petition for rehearing in *Holstensson* was still undisposed of by the Court of Appeals for the Sixth Circuit.

2. On January 27, 1964, the Court of Appeals for the Sixth Circuit denied rehearing in the *Holstensson* case.

3. The Sixth and Seventh Circuits thus now stand in final and complete irreconcilability on a question of deepest importance.

4. A petition for certiorari in the *Holstensson* case will be lodged with this Court on or before April 27, 1964 (See appended copy of affidavit; original of which has been filed with the Clerk with this petition).

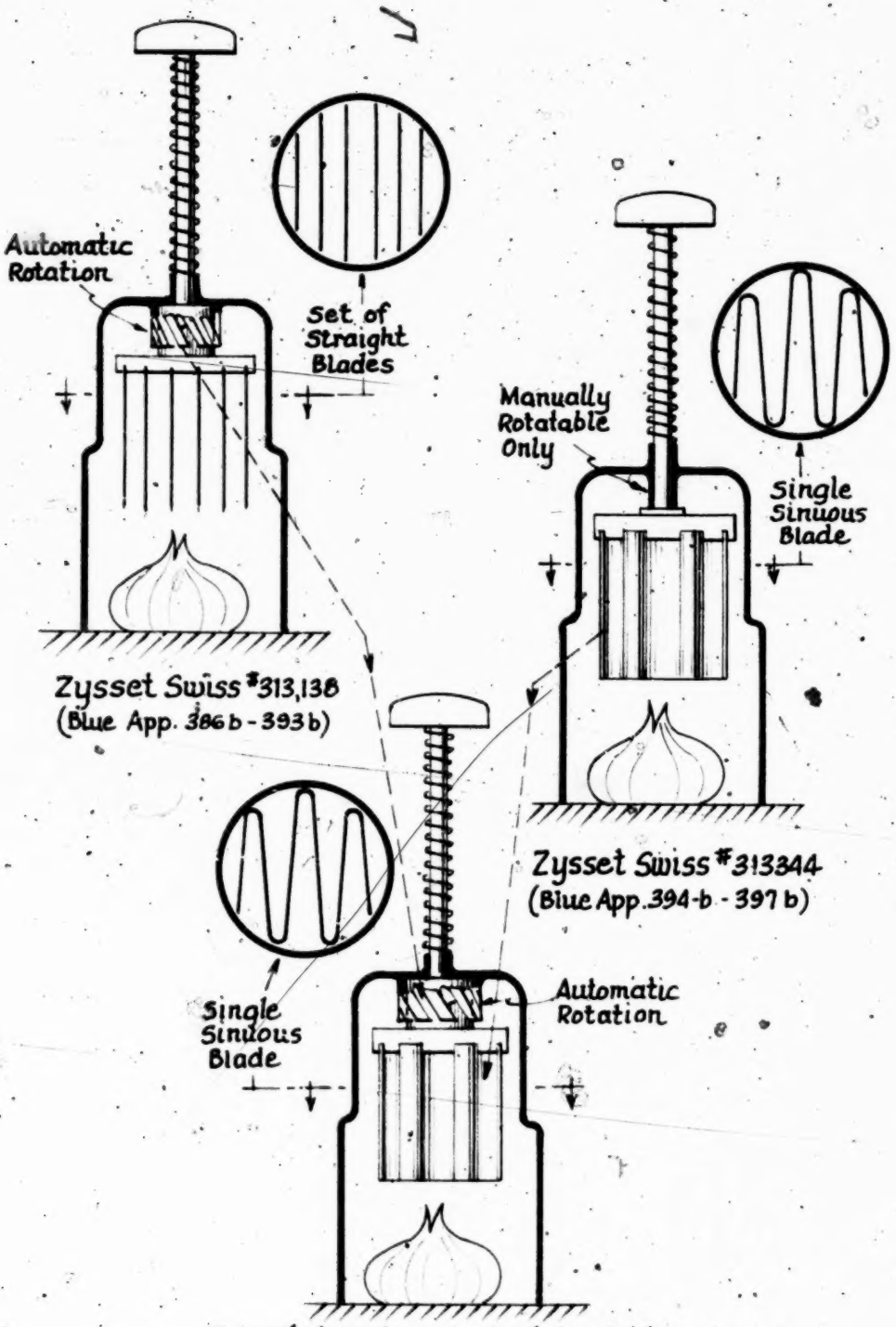
5. The filing of the *Holstensson* petition in this Court (and brief in opposition) will demonstrate, conclusively we suggest, that sufficient members of the Court should reconsider their positions and bring about a granting of the writ here, because:

(a) If the *Holstensson* petition be *denied* on the grounds that it is in accord with applicable decisions of this Court, such a denial necessarily would demonstrate that the instant decision has created a doctrine in conflict with those decisions. Forum shoppers holding questionable combination patents, noting a denial of certiorari in both *Popeil* and *Holstensson*, would inevitably flock to the Seventh Circuit.

(b) On the other hand, if the *Holstensson* petition be *granted* because on its face (325 F. 2d at 125) it shows a conflict between the Sixth and Seventh Circuits, and should the *Holstensson* decision be affirmed, it would be an intolerable miscarriage of justice if the instant case, with its crushing damage award, were allowed to stand unreversed, for if *Holstensson* is right, *Popeil* is grossly wrong. It would be shocking if the correct decision should be affirmed but the erroneous decision which does the evil to the patent system, and to the litigant, were permitted to stand.

6. The conflict between the Sixth and Seventh Circuits reflects utterly incompatible philosophy. In *Popeil* a combination patent was sustained by the Seventh Circuit simply because it was a "combination", not because "any particular element thereof, *per se*" was patentable (318 F. 2d at 704); or, as the Court put it in its first opinion, it was sustained simply because "none of the prior art references disclose in combination the *structure* of the patent" (276 F. 2d 357). In *Holstensson*, by contrast, the Sixth Circuit held a combination patent invalid because it found that the novelty in one feature thereof, although admittedly of patentable stature standing alone (325 F. 2d at 120), was confined to but one part of the combination, the other elements of which performed no new or interacting function in the claimed combination. Plenary consideration of *Holstensson* side by side with the case at bar will demonstrate how irreconcilable the cases are.

7. The division within this Court in its original action on the petition for certiorari herein has caused us to review our papers, and to conclude we were woefully deficient in not demonstrating, simply and graphically, that patentee Zysset's own prior applications on his device in his homeland, Switzerland, reveal conclusively the absence of interaction between the elements of his so-called combination. We set forth now, in this petition, simplified drawings from the patents which Zysset applied for in Switzerland before making his American application. These show that the rotation feature of the chopper is wholly unrelated to the shape of the blade employed: the parts, because they do not interact, *are freely interchangeable* and *were* so interchanged in Switzerland! In Switzerland Zysset applied (Blue App. 386b *et seq.*) for one patent on his automatic rotation device (Claim 1 at bar) and for a separate patent (Blue App. 394b *et seq.*) covering a single sinuous blade (asserted to be cheaper to make than


Automatic Rotation
Set of Straight Blades
Zysset Swiss #313,138
(Blue App. 386 b - 393 b)
Manually Rotatable Only
Single Sinuous Blade
Zysset Swiss #313344
(Blue App. 394-b - 397 b)
Single Sinuous Blade
Automatic Rotation
Zysset American Patent in Suit

a set of straight blades), (Claim 2 at bar). In his automatically rotating Swiss chopper he used *straight* blades with a straight slotted wiper cup. In his other Swiss chopper which was manually rotatable only, he used a single *sinuous* blade with a similarly configured wiper cup.

7a. In this country Zysset filed but a single application. He selected the rotation mechanism from his Swiss Application No. 313138 and the sinuous blade from his Swiss Application No. 313344. The selection was a mere matter of choice rather than functional achievement. As the sketches on the opposite page show, by selecting these elements (both separately old and unpatentable in this country, as the Seventh Circuit confesses), he did not achieve, *nor even claim to achieve*, any new function from uniting them into a single structure. The undisputed testimony of former Commissioner of Patents Kingsland is that no new function could possibly be accomplished by the aggregation of these unrelated parts (App. 70a).

7b. The drawings, we submit, make clear the extent of the Seventh Circuit's inroad into the legal standard of invention.

8. As to the damage question, we have nothing to offer beyond our original argument that the patent damage statute of 1946 is a highly important federal statute which has not been, but should be, construed by this Court for it should not be held to authorize the punitive judgment of $636,000 entered by the Court of Appeals as opposed to the District Court's judgment of $126,000 and attorney fees.

WHEREFORE, Petitioner prays that disposition of this petition for rehearing be considered in conjunction with disposition of the petition for certiorari which will be filed for review of the decision of the Court of Appeals for the Sixth Circuit in *Holstensson* v. *V-M Corporation*; that upon such consideration a rehearing be granted and a writ

of certiorari issue to the Court of Appeals for the Seventh Circuit as prayed in the Petition for Certiorari herein.

It is respectfully suggested that the patent system inevitably will fall into chaos if important circuits are permitted to stand in irrefragable conflict, not on facts, but on basic rules as to patentability. We appreciate that the pressure of events has compelled this Court to accept much public litigation and to deny certiorari in most private cases. Operation of the patent system is public business of the highest order, yet it can be supervised by this Court only through private litigation. This case, on the merits, presents the question of whether standards of patentability set by this Court may be eroded away by Courts of Appeal which do not even purport to make the finding which this Court has said is the *sine qua non* for a holding of invention in a combination patent. In these days of tremendous industrial research, the issue is one of deep public importance. Likewise, the issue as to the meaning of the "new" damage statute, which has gone without construction by this Court for eighteen years, is one which is ripe for definitive decision.

Respectfully submitted,

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*Counsel for Petitioner.*

WINSTON, STRAWN, SMITH & PATTERSON,
OOMS, McDOUGALL & HERSH,
*Of Counsel.*

## Certificate.

George B. Christensen certifies that the foregoing Petition is presented in good faith and not for delay, and is restricted to the intervening circumstances of the denial of rehearing in the conflicting *Holstensson* case, the fact that a petition for certiorari will shortly be before this Court in that case and to a graphic chart which the undersigned and other counsel of record failed to present to the Court in the Petition for Certiorari.

George B. Christensen.

## Certificate of Service.

George B. Christensen certifies that the within Petition for Rehearing was served upon counsel for respondents by mailing copies to them this 6th day of March, 1964, postage duly prepaid, addressed as follows:

Albin C. Ahlberg,
3440 Board of Trade Building,
Chicago, Illinois, 60604,
*Attorney for Karl Zysset.*

Warren C. Horton,
Marshall W. Sutker,
208 South LaSalle Street,
Chicago, Illinois, 60604,
*Attorneys for New-Nel Kitchen Products Company.*

# APPENDIX.

IN THE SUPREME COURT OF THE UNITED STATES.

October Term, 1963.

No. 554.

POPEIL BROTHERS, INC.,

*Petitioner,*

*vs.*

KARL ZYSSET and NEW-NEL KITCHEN PRODUCTS COMPANY,

*Respondents.*

## AFFIDAVIT OF DUGALD S. McDOUGALL IN SUPPORT OF PETITION FOR REHEARING OF ORDER DENYING PETITION FOR WRIT OF CERTIORARI.

STATE OF ILLINOIS, }
COUNTY OF COOK. } ss.

DUGALD S. McDOUGALL, being first duly sworn, depóses and says that:

1. Affiant is an attorney at law, a member of the Bar of this Court, having his office at 135 South LaSalle Street, Chicago 3, Illinois, and is one of the attorneys for petitioner in this cause.

2. *Holstensson et al.* v. *V-M Corporation* (6 Cir., 1963),

325 F. 2d 109, was an appeal from a judgment of the United States District Court for the Western District of Michigan (198 F. Supp. 779), wherein claim 1 of United States Letters Patent No. 2,291,158, relating to a particular type of automatic record changer, was held valid and infringed. In its *Holstensson* opinion, filed November 21, 1963, the Court of Appeals for the Sixth Circuit reversed the judgment below and held the patent claim in suit invalid (325 F. 2d, at 126). A timely petition for rehearing was denied on January 27, 1964.

3. The identical patent claim thus held invalid in the Sixth Circuit was previously adjudged valid and infringed in the Northern District of Illinois (*Holstensson* v. *Webcor, Inc.* (N. D. Ill., 1957), 150 F. Supp. 441).

4. The principal attorney for Axel Harald Holstensson and Glenville Industries, Inc., plaintiffs in the aforementioned case of *Holstensson et al.* v. *V-M Corporation*, is Donald J. Simpson, of 53 West Jackson Boulevard, Chicago 4, Illinois. The said Simpson advised affiant, on March 3, 1964, that: (a) His clients have instructed him to prepare and file in this Court a petition for writ of certiorari, to review the judgment of the Sixth Circuit Court of Appeals in the *Holstensson case*; (b) such petition is now in course of preparation; and (c) it will be on file in this Court within the period prescribed by law, i.e., before April 27, 1964.

DUGALD S. MCDOUGALL.

Subscribed and sworn to before me this 4th day of March, 1964.

WILLIRVA FELLOWS,

(NOTARIAL SEAL) *Notary Public.*